

## Assurances on frozen embryos

The ethical committee of the British Medical Association has assured by Mr Patrick Septon, the test tube baby pioneer, that he had no plans to freeze human embryos. The committee has recommended setting up a working party to study the implications of test-tube experiments. **Back page**

## Uprising in Syrian city

The Syrian city of Hama, 120 miles north of Damascus, has been sealed off after an uprising against President Hafez al-Assad's Government. Informed American sources said in Washington, a Syrian group in New York said the rebels had been joined by troops. **Back page**

## Poll date for Ulster seat

A by-election is to be held on March 4 in Belfast, South, which was represented by the Rev Robert Bradford of the Official Unionist until his murder by the IRA last November. The Democratic Unionist Party has yet to say whether it will field a candidate. **Irish election campaign, page 3**

## Human rights chief goes

Mr Theo van Boven, director of the United Nations human rights division, said in Geneva that he had been dismissed. But in New York a United Nations spokesman said only that his contract, which expires in April, would not be extended. **Page 8**

## Plea to adjourn Madrid talks

Switzerland has suggested that the European Security Review talks in Madrid should be postponed for several months, in view of communist countries' reluctance to allow discussion of human rights in Poland. A formal motion is expected early next week. **Page 6**

## MPs clash with police chief

Mr Patrick Kavanagh, Deputy Commissioner of the Metropolitan Police, clashed with Labour MPs when he described moves to make the investigation of complaints against the police more independent, as a "public relations Commission of the Metro-exercise". **Page 5**

## Budget appeal

The Confederation of British Industry is calling for a £3,000m package of measures in next month's Budget which, it claims, will cut costs to industry and reduce unemployment by more than 200,000 in the next 12 months. **Page 19**

## Rally spotlight

Mr Roy Jenkins has been given the platform for the final rallying speech of the Social Democratic Party's constitutional convention on Sunday, an opportunity which the party hopes may help him to win the Hillhead by-election. **Page 4**

## Telecom first

British Telecom researchers are claiming a world first for sending a telephone signal 100 kilometres along a fibre optic cable without amplification. The previous record was 50 kilometres. **Page 19**

## Gas exports

Mr Nigel Lawson, Energy Secretary, revealed that the Government is, for the first time, prepared to consider the export of North Sea gas, a move which would boost oil prices and raise domestic prices. **Page 19**

## Fashanu on list

Northingham Forest's £1m striker, Justin Fashanu, has been put on the transfer list after only six months at the club. Also for sale are attacker Ian Wallace and club captain John McGovern. **Page 2**

## Offshore growth

Offshore investment: A Special Report on a thriving multi-billion dollar industry, pages 9-13

Leader page, 17

Letters: On lead in petrol, from Dr R. Russell Jones, and Mr N. Nesbitt; fertilization subsidies, from Mr Ian Kennedy, and the Rev A. J. Hawes. Leading articles: Iran; CBI; Camberbert.

Features, page 16

Mr Lowe reports on the Gdansk trial in Gdansk; the Gdansk trial in Gdansk; the Gdansk trial in Gdansk.

Mr John Kitchin, MME

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## Interest rate warning to Reagan from US Bank

From Bailey Morris and Nicholas Hirst, Washington, Feb 10

High American interest rates will persist for the rest of this year and could reach unacceptably high levels in 1983 and 1984 unless the Reagan Administration reduces its huge budget deficits.

This gloomy warning came from Mr Paul Volcker, chairman of the Federal Reserve Board, America's central bank. He served notice to President Reagan today that the Fed is determined to stick to its tight-money policy through pressures from the Administration and Congress to ease the money supply during the present recession.

The price of this will be continued high interest rates, high unemployment, and sluggish industrial growth this year, Mr Volcker said in presenting the Fed's six-monthly report to Congress.

But Mr Volcker said that if the United States economy does not begin to recover by summer then the Federal Reserve Board will have to reassess its policies, possibly re-inflating the economy to some extent.

His tough statement will bring little comfort to European countries which have tentatively taken steps in recent weeks to bring down their interest rates in order to start economic activity moving again. Continuing high American rates place in jeopardy not only United States economic recovery from recession but that of its European partners.

They will continue to face the unpalatable choice of either protecting their currencies against outflows into the dollar by keeping their interest rates high or risking extra inflation by allowing their currencies to fall.

Even Sir Geoffrey Howe, formerly one of the Reagan porters, has now spoken out against the damage high American rates are causing.

Mr Volcker's report said the central bank does expect a modest but perceptible recovery in American business activity before the middle of the year.

But it is concentrated at first in consumer spending. Business activity may remain weak for some time, the report said, particularly if interest rates remain as high as they have been.

He said the depression was slowly destroying parts of Britain. Large areas of our cities and our industries were calling out for massive renewal. Demands for education could not be met. There was much work to be done, yet millions could not find work.

Sir Ian, who last October called for immediate action to reduce unemployment, said in a full year, told his audience of Conservative graduates: "In the face of this economic and social crisis, talk of the Chancellor giving away a billion or two in

But even this cautious prediction is at odds with the more optimistic expectations presented to Congress today by President Reagan's Council of Economic Advisors, led by Dr Murray Weidenbaum. Their report predicts that by the second half of this year, output will be growing at a brisk pace of an annual rate of 5 per cent.

Fears that the recovery will be stalled as business competes for new loans with the federal Government seeking to fund its deficits which are estimated this year at a record level of nearly \$80,000m (about £53,800m) and next year at \$91,500m, were misplaced, the economists say.

The Council's report emphasizes the economic assumptions on which President Reagan presented his 1983 budget which was sent to Congress on Monday. The Council believes that though the planned deficits are undeniably high, they will not jeopardize economic recovery.

It expects interest rates to decline as inflationary expectations decrease and it is predicting that inflation will average 7 per cent for the whole of 1982, having averaged 10.4 per cent last year.

In contrast, Mr Volcker argues that the greatest uncertainty and the biggest potential problem now facing the United States economy is the size of the coming federal deficits which could force interest rates up to unacceptably higher levels when the United States economy is expected to be in recovery in 1983 and 1984.

Wall Street is incapable of meeting this demand when the Treasury is also borrowing heavily to finance the deficit, which means that high interest rates are a possibility for the next three years.

This was Mr Volcker's reason for exhorting Congress to move quickly to make even steeper budget cuts this year than Reagan sought in his 1983 budget this week.

In its economic projection, the Federal Reserve Board says that its target for the 1982 growth in money supply would remain almost the same as for last year, staying within a range of 2.5 per cent to 5.5 per cent through the last quarter of this year.

## Gilmour criticizes 'half truths' by Treasury

By Julian Haviland, Political Editor

Sir Ian Gilmour, former member of the Government and now its persistent critic, yesterday issued a plea for expansion with an assault on Treasury ministers for "incessant repetition of half truths".

He said the depression was slowly destroying parts of Britain. Large areas of our cities and our industries were calling out for massive renewal. Demands for education could not be met. There was much work to be done, yet millions could not find work.

Sir Ian, who last October called for immediate action to reduce unemployment, said in a full year, told his audience of Conservative graduates: "In the face of this economic and social crisis, talk of the Chancellor giving away a billion or two in

reduced taxes is ridiculously out of scale with events". Sir Ian said that, contrary to monetarist theory it was possible with large unused resources of labour and capital to increase the demand and the money supply without increasing inflation.

Deploying the arguments which persuaded the Prime Minister to dismiss him from Sir Ian said that the Treasury's her Cabinet last September, case was that an increase in money demand for public spending would be ineffective in producing growth and jobs. That would make sense if the economy was over-heated. But industry was flat on its back.

Liberal Conservative backbenchers of the so-called Blue Chip group will meet Sir Geoffrey Howe, Chancellor of the Exchequer, today to press their own more modest inflationary package on him.

As public enthusiasm for the project fades fast there were indications that governments on both sides of the Atlantic might welcome a Laker comeback.

Without United States government approval for new pricing arrangements, both American and European airlines desperately want, will not be forthcoming.

This is because Laker is regarded by the United States Government as the only true price-cutter on this side of the Atlantic, and therefore the best safeguard against a pricing by the Atlantic airlines, leading to unduly high fares contrary to United States consumer interest and anti-trust regulations.

The British Government, apart from Mrs Margaret Thatcher's well-known admiration for Sir Freddie, which is shared by Mr Ian Sproat, avia-

tion minister at the Department of Trade, is concerned that Britain's share of the Atlantic traffic will fall without Laker.

Last year, for the first time since 1945, three British airlines—British Airways, British Caledonian and Laker—carried more passengers across the Atlantic than all the American carriers combined, and the Government fears that without Laker's drive and salesmanship this position will rapidly slip.

With several millions said to be promised by well-wishers, Sir Freddie should have no difficulty in raising deposits on



## The daughter Walesa has not seen

Mrs Danuta Walesa, the wife of the imprisoned leader of Solidarity, with her seventh child, who has been named Maria Victoria. Though born on January 27, the new baby's name has only now been announced as Mrs Walesa wanted her husband's approval. The authorities even

tried to keep the news of the baby's birth from Mr Walesa and he has not been allowed to see her. In Oslo, the Free Word Foundation yesterday named Mr Walesa the winner of its "Free Word" prize, worth £9,050, for his struggle for the rights of Polish workers.

## Government ready to intervene in rail dispute, unions told

By David Felton, Labour Reporter

Sir Peter Parker, chairman of British Rail, has told union leaders that the Government is ready to intervene in the rail dispute within weeks and to order large cuts in the railway network.

Union leaders said last night that they feared another "British Steel situation", with thousands of jobs being lost. British Rail expect to approach the Government within the next two weeks to ask for the short-term borrowing limit to be raised to cover the costs of the train drivers' strikes, about £60m so far.

Mr Clifford Rose, BR board member for industrial relations, said yesterday that up to 3,000 jobs could be lost this year if BR was unable to recoup the business, lost because of the strikes.

The disclosure of the Government's intention came as the committee of inquiry into the five-week rail dispute met for the second day. The committee will reconvene this morning when it will complete its hearings and it is thought that Lord McCarthy, the chairman, will produce a report by the weekend.

Last night Lord McCarthy ruled that evidence sent to the inquiry by the Associated Society of Locomotive Engineers and Firemen (Aslef), which has refused to send officials to the inquiry, will not be considered.

Mr Sidney Weighell, general secretary of the National Union of Railwaymen, had pressed Lord McCarthy not to accept the evidence, which he regarded as "top secret". Mr Weighell said last night that if Aslef wanted evidence con-

sidered by the inquiry it should attend.

Mr McCarthy told the NUR, BR and the white collar Transport Salaried Staffs Association, who are represented at the inquiry, that he would be making a final attempt to persuade Aslef to attend.

Mr Weighell said Sir Peter had told him he expected the Government to step in in a week or two. "It will be a British Steel Corporation situation. That is the depth of the crisis and if that is not a crisis in your language I do not know what is."

Left-wingers on the National Union of Mineworkers executive, which meets today, are expected to press for a national ban on some coal movements during the Aslef strikes. But in a letter to Mr Joseph Gormley, the union president, Mr Weighell has urged caution.

Mr Weighell telephoned Mr Gormley to reinforce his union's view that the miners should not get involved in the dispute. He is thought to have argued that any outside union support for railway workers should come through the "right-wing" comprising the NUR, NUM and steel workers' unions.

British Rail, in a message to customers displayed at railway stations, underlines that the time may come when they will have to operate on a "bare bones" basis.

"We and you should have no illusions about the consequences and we can only hope that it will not be necessary," it says.

A shift in the attitude of the Labour Party leadership towards the rail dispute be-

came apparent yesterday after Mr Albert Booth, shadow transport secretary, met leaders of Aslef (Philip Webster writes).

Mr Booth said in the Commons at question time that the union was properly considering the Aslef rail dispute and he failed to meet all its obligations within the railways' negotiating machinery.

Questioned about the statement as he left a meeting of the Labour transport group, which was addressed by Mr Ray Buckton, the train drivers' leader, Mr Booth remarked: "If saying that British Rail should meet its obligations under the agreement and pay the 3 per cent is backing Aslef, then yes I am backing Aslef."

A group of right-wing Conservative MPs last night pressed the Government to refuse further Exchequer aid until BR has realized more of its own assets, including hotels, property, spare land, buffet and restaurant facilities.

Mr Roland Davies, aged 63, the Aslef MP who broke ranks during Tuesday's strike by taking out his train, and threatened to do so again, changed his mind yesterday (Arthur Osman writes).

He said in Nottingham: "I have decided I shall be staying in bed rather than working. There are a lot of hotheads about and I want to avoid the possibility of fighting and scuffling between pickets and police."

Mr Leslie Kirk, district secretary of Aslef's Derby branch, said he had been instructed to interview Mr Davies, who is based at Nottingham, and prepare a report on Mr Davies's action.

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## Gdansk trial for union leader

From Roger Boyes Gdansk, Feb 10

The Polish authorities have revealed that they intend to put on trial Mr Miroslaw Krupinski, a seriously ill member of Solidarity's top leadership. Mr Krupinski, a deputy to Mr Lech Walesa, the current head of Solidarity, is one of the most senior of the free trade union's leadership to face trial.

Speaking to foreign correspondents on an official organized trip to Gdansk, Mr Bonislaw Madejski, the chief prosecutor in the Gdansk region, said that Mr Krupinski was in a ward in the Gdansk Medical Academy after "coming close to a heart attack".

Mr Krupinski, the deputy chairman of Solidarity's National Commission, was originally interned—that is held without charge—but would be charged under martial law regulations, the prosecutor said.

Although it is not clear what Mr Krupinski is accused of, it seems likely that he will be charged with organizing strikes. On the first day after martial law, Mr Krupinski went to the Lenin Shipyards—the birthplace of the now suspended Solidarity—and called on the workers to form a new Solidarity leadership and continue resistance. At the same rally on Monday, December 14, Mrs Danuta Walesa urged the workers not to take any action until it became clear what had happened to her husband and the rest of the interned presidium.

In the event, the occupation strike at the shipyards lasted only another 24 hours: riot police entered the yards on Tuesday night and broke up the strike. The overwhelming majority of the workers showed no resistance.

That version was confirmed by foreign reporters when they visited Gdansk on an official trip yesterday.

Others found guilty of organizing strikes after the declaration of martial law have been sentenced in summary courts to as much as seven years' imprisonment, though sentences usually hover around the three to four-year mark. There is no right of appeal and no jury under summary justice.

It has, however, proved possible for defence counsel to argue that Solidarity leaders were restraining rather than organizing angry workers and this has led on a number of occasions to acquittal. The key seems to be to prove that the strike was a spontaneous protest rather than a carefully planned industrial action.

According to workers who took part in the strike, this seems to be the case in the Lenin yards.

Apart from Mr Krupinski, the authorities have already sentenced another Solidarity leader—Mr Andrzej Slowik, the Lodz chairman for organizing strike action after December 13. Mr Slowik received a four and a half year jail term.

Fear of unrest, page 7  
Defiant Gdansk, page 16

## A yellow £1 for your pocket

By Tony Samstag

The Royal Mint announced the advent of two new coins yesterday, and thereby confirmed what those who will spend them have known for years: money is shrinking.

The new seven-sided 20 pence and yellow £1 coins, the first new currency denominations to be issued for general circulation since the 50p piece appeared in 1967, are disappointingly tiny, roughly the size of the 5p.

Holding the 20p coin feels rather like warming up for a tiddly-winks tournament; the pound, as almost twice the weight, is a little better, but hardly adequate compensation for the crisp crackle of a new banknote.

Still, designing coins is one of those thankless tasks, like running a railway, in that it is impossible to satisfy even most of the people much of the time.

Mr Alan Lotherington, sales director for the Royal Mint, said: "There are no plans to phase out the pound note. The Government has decided they should be circulated side by side for the foreseeable future."

"The 20p piece is an attempt to make change lighter. Members of the public have complained for a long time about the weight of coins, and the holes they wear in pockets."

Three hundred million of the 20p coins will be made before they go into circulation on June 9. The pound coin will be available in April next year.

At last we have a pound that looks its real worth—10p.

Early designs of the coins were rejected by experts on blindness as being too thin. The new 20p coin weighs 3.1mm; the present 5p is 6g and the 10p coin 11g. The new pound weighs 9.5g.

Other statistics are: £1 diameter, 22.5mm; edge thickness, 3.1mm; composition, 70 per cent copper, 5.5 nickel, 24.5 zinc; colour, pale yellow. 20p diameter, 21.4mm; edge thickness, 1.75mm; composition, 84 per cent copper, 16 nickel; colour, silvery.

It costs no more to mint a coin than to print a banknote, but the life of a coin is estimated at 40 to 50 years, as opposed to the nine months of a note.

The coins officially became legal tender yesterday when the Queen signed a royal proclamation under the Coinage Act, of 1971.

Photographs, back page

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NEWS IN SUMMARY

# Manpower Commission defended

Sir Richard O'Brien, who is being replaced by the Government as chairman of the Manpower Services Commission, last night spiritedly defended the commission's activities when he appeared before a committee of MPs. He stressed its need to remain independent of the administration.

The new head of the MSC is to be Mr David Young, a former director of the Centre for Policy Studies which is the Conservative Party's "think tank". He was also an adviser to Sir Keith Joseph.

Trade unions have expressed fears that the appointment might be the prelude to privatization of the employment service including job centres. Sir Richard told MPs last night that although the commission had no firm policy on privatization, he believed that the service was successful.

It is thought that the Government has been embarrassed by the commission's predictions on future unemployment levels.

# 'Knife' mother discharged

The mother of a rape victim aged 16 who smuggled a knife into court intending to "wreak revenge" on her daughter's attacker was given an absolute discharge yesterday.

The woman, aged 42, took the knife into Birmingham Crown Court where a man was jailed for raping and kidnapping the girl. Yesterday the mother pleaded guilty to possessing an offensive weapon.

# \$100,000 award for drug error

Mistakes by two doctors and a chemist led to a woman developing gangrene in her feet and lower legs, crippling her for life, Mr Justice Stuart-Smith said in the High Court yesterday. He awarded £100,000 to Mrs John Dwyer, aged 56, of Banbury, Oxfordshire, and her husband.

The judge ruled that Dr Ian Rodrick, who overprescribed a painkilling drug after diagnosing migraine, was liable for £45,000, that Mrs Cress Chemists (Banbury) Ltd, which did not query the prescription, should pay £40,000, and that Dr David Jackson, who visited Mrs Dwyer at her home three days after she started taking the drugs, should pay £15,000.

# \$20m riot bill for Government

Ratepayers in cities affected by last summer's riots will have to pay about £8m to cover the cost of the damage. The rest of the bill, more than £20m, will be paid by the Government (John Withersow writes).

In Liverpool, the city most seriously affected, claims against the local authority total £11m, the Home Office said yesterday; 60 per cent of that will be met by the Government. The claim in London, after rioting in Brixton, Southall and Wood Green, total £5.75m.

# Directory of ethnic arts

Arts education in schools is dominated by Western culture and pays too little attention to minority cultures, the Commission for Racial Equality said yesterday.

It has published a directory of projects from India, classical music to Chinese calligraphy, to go out to selected schools and organizations.

# Sisters die in fire

The deaths of two sisters, aged 18 and 14, in a fire at their home in Knightswood, Glasgow, yesterday, was being kept from their father, Mr John Murphy, who is in hospital recovering from a brain operation.

# Tories pick sportsman

Colin Moynihan, aged 26, a former Oxford double blue and Olympic silver medalist, has been adopted as Conservative candidate for Lewisham, East, at the next general election. The South London constituency is held by Mr Roland Moyle.

# Foot refuses to commit himself on arms or EEC

By Anthony Bevin, Political Correspondent

Mr Michael Foot has refused to commit a future Labour Government to carrying out party policy on unilateral nuclear disarmament or withdrawal from the EEC.

The Labour leader has consistently attempted to balance the demands of party conference with the views of his parliamentary party, but in an interview to be published in tomorrow's *Tribune*, the left-wing weekly, Mr Foot provides clarification of his position on the two most vital policy issues for party unity.

The interview is conducted by Mr Christopher Mullin, one of Mr Wedgwood Benn's back-room allies in the party, who says: "There is a widespread feeling in the party that important issues are being fudged. So I have come in search of some answers to some straight questions."

He then asks: "Will there be a commitment to unilateral nuclear disarmament in the manifesto?"

Mr Foot replies: "I hope very much there will be, along the lines which we have agreed at conference. But there are many complications which cannot be stated in simple terms."

If a nuclear-free zone is wanted for Europe, discussions will have to be held with other countries. In the meantime, the Trident programme will be stopped, that, too, will be introduced, that, too, will be stopped. He hopes that nuclear missiles in United States bases will also be stopped.

But, he then says: "I don't believe that it is fair for those who are unilateralists, like I am, to say that we are not going to take any notice of the rest of the obligations and undertakings in party policy."

Mr Foot is then asked: "Will there be a commitment in your view to withdrawal from the Market?" He replied: "That is highly probable, but I believe we have an obligation to discuss it with our socialist partners in Europe, though, again, not in the sense of their deciding what our policy should be."

"If we want to have a successful Labour government, particularly coming into a world economic crisis... it is futile to talk as if we won't cooperate with other countries that have similar approaches to ourselves."

Such replies, without commitment, are certain to fuel left-wing fears that Mr Foot has no intention of allowing the Labour Party to go into a general election with a manifesto based on policy commitments passed by conference.

Mr Foot later says that party policy on disarmament, based on an assessment of the nation's wealth by the Government and the unions, would apply restrictions to increases for all incomes, not only wages. He says that he is in favour of a concerned policy, agreed between Government and the unions, which will be re-defined from year to year.

Mr Foot was given a rough time by fellow European socialists when he met them in Brussels yesterday (Ian Murray, in Brussels, writes). There was no question, however, of Mr Foot being converted by the arguments of the Socialist European parliamentarians. He told a news conference that withdrawal from the EEC was a vital element

in Labour's plans to restructure the economy.

He admitted that there would be difficult negotiations both in pulling out of the Community and arranging new trading relationships but he said there was no reason why the negotiations should fail.

He could not see why any future Labour Party conference should change its mind about withdrawal, and although he might be a new move within the party to hold a referendum on the subject he believed such an idea would still be rejected.

He said a report in *The Times* about a draft document by the TUC which drew some of the pitfalls to be expected if Britain withdrew from the EEC had not given a true flavour of the overall impression which the document had tried to create.

In his meetings with the politicians and the press Mr Foot emphasized that the Labour Party was not opposed to Europe, but opposed to membership of a community which was not designed to meet British requirements.

One Italian Member of the European Parliament accused Mr Foot of being non-democratic and isolationist and there was a strong disapproving speech of welcome from Ernest Glinae, Belgian leader of the European socialist MPs. Mr Glinae said that what had happened in Britain and Europe since Labour took its decision in October, 1980, to withdraw from the Community made him very much regret that resolution and he hoped the party would have the opportunity to think again.

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in Labour's plans to restructure the economy.

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He could not see why any future Labour Party conference should change its mind about withdrawal, and although he might be a new move within the party to hold a referendum on the subject he believed such an idea would still be rejected.

He said a report in *The Times* about a draft document by the TUC which drew some of the pitfalls to be expected if Britain withdrew from the EEC had not given a true flavour of the overall impression which the document had tried to create.

In his meetings with the politicians and the press Mr Foot emphasized that the Labour Party was not opposed to Europe, but opposed to membership of a community which was not designed to meet British requirements.

One Italian Member of the European Parliament accused Mr Foot of being non-democratic and isolationist and there was a strong disapproving speech of welcome from Ernest Glinae, Belgian leader of the European socialist MPs. Mr Glinae said that what had happened in Britain and Europe since Labour took its decision in October, 1980, to withdraw from the Community made him very much regret that resolution and he hoped the party would have the opportunity to think again.

Mr Foot later says that party policy on disarmament, based on an assessment of the nation's wealth by the Government and the unions, would apply restrictions to increases for all incomes, not only wages. He says that he is in favour of a concerned policy, agreed between Government and the unions, which will be re-defined from year to year.



Down the road at Westminster MPs grappled with rate support grants, but in the Embankment Gardens, with the temperatures in the 50s, a young couple enjoyed a moment's escape yesterday from train strikes, bankruptcies and inflation.

# TV launch delayed again

From Arthur Osman, Birmingham

Central Independent Television said yesterday that it was unable to begin broadcasting from the east Midlands on February 15 as promised, because of "new problems and complications" raised by all sections of its work force.

The company, which succeeded ATV, claimed it had a projected loss of £2m for the first 15 months of its operations. The additional cost of seconding staff to its temporary studio near Nottingham from its Elstree and Birmingham operations would mean a further £2m a year. "This additional cost, over and above salary would average £19,500 per annum for each of the jobs covered by secondment from Elstree and Birmingham", the company said.

The meetings of the 670 clerical workers were the first full ones since the warning by Mr Rupert Murdoch on Monday that he would close both newspapers unless agreement was reached by Wednesday on an overall reduction of 600 in the present 2,600 full time work force.

Meanwhile, amid continuing confusion over whether Mr Murdoch would be able to retain the titles of *The Times* and *The Sunday Times* if he liquidated the company, one of the newspaper's independent national directors said there had been no discussion with him of a transfer of the titles.

Conditions attached to the original sale of the newspapers to Mr Murdoch in February, 1981, explicitly provided that a majority of the six independent national directors must give their consent before TNL sells or otherwise disposes of any interest in the two newspapers.

Lord Roll of Ipsden, one of the five current independent directors on the board of Times Newspapers Holdings, asked yesterday whether there had been any discussion of the transfer of the titles from one part of the News International Group to another. "There has been no such discussion on the titles," he said, clear that he would expect such discussion to take place if the

# 'Times' unions talk on redundancies

By Donald Macintyre, Labour Correspondent

Union negotiators for the two groups of employees most affected by planned cuts at *The Times* and *The Sunday Times* are to continue talks with the management in spite of a strong and continuing opposition to the proposals.

Clerical members of the National Society of Operative Printers, Graphical and Media Personnel at *The Times* demanded further "clarification" of the management plans, while their colleagues at *The Sunday Times* formally empowered their negotiators to continue talks in which they are resisting demands to reduce clerical jobs across both newspapers by 390.

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titles were to be transferred.

The confusion remained yesterday after a meeting between the National Union of Journalists and Mr Gerald Long, the managing director of TNL, held primarily to discuss the company's plan for a cut of 35 in *The Times* editorial staff.

Asked by union negotiators which company at present owned the titles, Mr Long was understood to have declined to give a firm answer before consulting lawyers to establish the exact position.

*The Times* NUJ chapel yesterday authorized talks on the company's plans to reduce editorial staff on the basis of maximizing employment on *the Times* and maintaining editorial standards.

Chapel fathers (senior shop stewards) representing clerical workers throughout Fleet Street yesterday promised to call on their members to offer support to their colleagues at *The Times* and *The Sunday Times*.

A joint meeting of all Natsopa chapels at *The Times* is also to be held today.

The Barry Fitzpatrick chapel of the *Sunday Times* clerical chapel who yesterday described Mr Murdoch's plans as "straightforward mugging", said last night that the chapel members were appalled at the planned cuts in the light of the contribution which his members made to revenue in the company.

Details of more planned cuts came to light last night when *The Sunday Times* machine shop staff up largely of single-shift workers disclosed that they were refusing to accept reductions totalling 155 shifts out of 602.

Mr Roy Wilson, their chapel father, said the figures were unacceptable but added: "If people use their common sense and understand the problems then it is my belief we can salvage *The Times* and *The Sunday Times*."

# TUC urges Howe to end pre-Budget 'purdah'

By Paul Routledge, Labour Editor

Trade union leaders yesterday urged Sir Geoffrey Howe, Chancellor of the Exchequer, to end his traditional period of "purdah" before the spring Budget and discuss policy openly with both sides of industry.

Putting forward their £8.3 billion reflationary package of measures for inclusion in the Budget on March 9, the TUC economic committee appealed for abolition of the "secrecy and mysticism" of the Government's annual presentation of financial strategy to Parliament.

The unions argued that their package of measures to stimulate the economy and reduce unemployment differed in scale rather than principle from similar proposals being proposed by the CBI and Conservative backbenchers fearful of the political impact of three million unemployed.

Mr Len Murray, TUC general secretary, said after the hour-long talks at the Treasury that Sir Geoffrey had shown some interest in opening up pre-Budget discussions in the future. "We were putting a flag up, and this was something to seriously examine," he said.

Mr David Bassett, chairman of the economic committee, said: "Our major point was to express absolute outrage at the current levels of unemployment and the need to take this into account in the Budget. We complained about the Government's unwillingness to enter into wide-ranging discussions on economic policies and asked if the Treasury was an island."

"We believe that the ritual of pre-Budget secrecy and the period of 'purdah' are anachronisms," he added. "We would like to see these matters debated and discussed as part of a national economic assessment. Industry and the City should be there too."

But while the Chancellor showed some interest in the TUC's idea of canvassing wider opinion on his Budget options, he was clearly not inclined to take on board the union's plan for a grand national economic assessment, which would involve TUC participation in public policy making.

Sir Geoffrey did, however, congratulate the TUC on the high standard of its 1982 Economic Review, which for the first time used the Treasury model to ensure that the sums were right and the conclusions valid. He exonerated union leaders of the charge of irresponsibility brought against them by Mrs Margaret Thatcher.

"The Chancellor accepted that what we were putting forward was not irresponsible," Mr Bassett said. But Sir Geoffrey showed no sign of being ready to implement the TUC's plans for a big boost in public spending on job creation, pensions, the health service, local authority and state industry spending and social benefits.

The Patterdale mountain rescue team has decided that, because of continued vandalism, the mountain rescue box and stretcher on Striding Edge, Helvellyn, use there for public use, should not be replaced, in spite of being given the money to do so.

When the Cambrian team first said it would recommend to the mountain rescue committee of England and Wales that the box, destroyed recently by vandalism, should not be replaced, the Keswick-Barrow Walk Committee, sent £250 for a replacement in gratitude for past help.

The Patterdale team reconsidered the matter, but its leader, Mr Joe Bootbrody, said afterwards: "The team remain convinced that the box should not be replaced."

Science report

# Predicted satellite collision ruled out

By the Staff of "Nature"

The prospect that two recently discovered satellites of Saturn would collide with each other in the next few months has been ruled out by a theoretical argument in one of the oldest and most neglected fields of theoretical mechanics, the three-body problem.

S. F. Dermott and C. D. Murray, of Cornell University, New York, have used an approximate solution of that problem to show that, although the two satellites were apparently on a collision course throughout 1980 they should now be moving away from each other.

The first and larger satellite (known as 1980S1) was discovered in 1979 by the Pioneer 1 spacecraft, the second (1980S2) by ground-based observations the following year. The two satellites are travelling in nearly identical and nearly circular orbits outside the equatorial plane of Saturn.

Each orbit is about 164,000km from the planet's centre. The objects are 175 and 105km across, larger than the distance between the orbits. At the beginning of 1980, they were 180° apart but were also closing on each other at a rate of 0.2° a day, whence the prediction that they would collide early this year.

Dermott and Murray argue that the satellites will never approach each other within less than about 30° in their positions around their orbits.

The three-body problem has been a nuisance since the time of Newton, who was the first to develop exact equations describing the motion of two objects (the Earth and the Moon) held together by gravitational attraction. At the same time, he recognized that the problem of the objects interacting with each other could not be solved exactly, with the result that a variety of approximate methods have been developed for dealing with important practical problems such as the mutual interaction of the Sun and the Earth on the motion of the Moon.

The objective of the calculations is to predict the motion of the two satellites of Saturn, which if it is correct, will rule out the possibility of a collision. Each completes one revolution in just over 16 hours. From the point of view of a hypothetical observer travelling around Saturn at the same speed as the two satellites, the paths followed by the two objects are making extended oscillations about two points on their nearly circular orbit lying exactly 180° apart.

Seen from that point of view, each orbit has a horseshoe shape. The calculation also predicts that the oscillations path followed by the two objects is making extended oscillations about two points on their nearly circular orbit lying exactly 180° apart.

It should now be possible to obtain accurate masses of the two small satellites. Moreover, their existence in apparently stable orbits suggests to the researchers that they have been formed by the same process as the larger satellites, rather than being captured by Saturn's gravity.

For most people, however, the chief interest will be the paradoxical nature of the conclusion; although there is a gravitational attraction between the two satellites, in the presence of the much more powerful influence of Saturn, the satellites are able to keep their own space.

Source: *Nature* (vol. 48, p12) 1981.

© Nature-Times News Service, 1982.

# JAILED FOR WINE FRAUD

Two men were each jailed for 18 months last night after they were found guilty of fraud involving the wine trade. Birkenhead was told that Christopher Owen, aged 34, of Shireburn Road, Freshfield, Merseyside, and Richard Nunes, aged 39, of Dunbar Road, Southport, imported cheap table wine from France and Holland, labelled them as vintage brands and exported them to unsuspecting dealers in the United States.

# PC falls to death

Police Constable William Howard, aged 52, died yesterday when he fell from the Bowmaker Lane Bridge on to the M6 motorway near Lancaster. He hit the back of a van and was then struck by a lorry.

Overseas selling prices:

Australia	£ 8.00
Belgium	£ 8.00
Canada	£ 8.00
Denmark	£ 8.00
France	£ 8.00
Germany	£ 8.00
Greece	£ 8.00
Italy	£ 8.00
Japan	£ 8.00
Netherlands	£ 8.00
Portugal	£ 8.00
Spain	£ 8.00
Sweden	£ 8.00
Switzerland	£ 8.00
Taiwan	£ 8.00
USA	£ 8.00
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## Computer engine test for every Land Rover.

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The printouts become the engine's passport to the outside world. And to the customer.

**BSL Fighting back**

## Senior Pilot "Mac" McDougall (left) with First Officer Martin Saunders at the helm of a luggage trolley

### Pilots keep the baggage flying

British Airways pilots helped to load passengers' baggage at Heathrow yesterday to keep their planes flying. With other flight staff, accountants and engineers, they volunteered to help out during an unofficial stoppage by nearly 2,000 ground staff, ignoring pickets stationed at entrances to the tarmac.

The strike, over new rosters, which began on Tuesday, is disrupting the airline's European flights from terminal one, and some operated by other airlines using the terminal. But

British Airways expected more than half its 100 scheduled flights from terminal one to be operational.

First Officer Martin Saunders, who gave up his day off, said: "We've got to stop the airline doing a Laker. We have to keep flying." Captain "Mac" McDougall, aged 51, added: "I've been flying for British Airways for 27 years and there is no way I want to see it go down the drain."

British Airways expects to operate more than 70 per cent of European flights today.

Mr Meacher said the inquiry should



## Reject the IRA, FitzGerald tells border voters

From Richard Ford, Castleblaney, co Monaghan

Dr Garret FitzGerald, leader of Fine Gael, coupled a defence of his Government's decision to ban a proposed party political broadcast by Provisional Sinn Féin with a strong attack on terrorism.

He chose the border area of Co Louth where a Provisional Sinn Féin candidate is standing to appeal to the electorate to reject the IRA.

The Prime Minister, in confident mood, confirmed that one of the considerations in banning the broadcast was a remark at a recent Provisional Sinn Féin conference about advancing with a ballot box and Armalite rifle. There would have been great danger, he said, if the Government had not acted to stop the proposed two-minute broadcast today of Provisional Sinn Féin, which is fielding seven candidates in the republic's general election.

Dr FitzGerald said the ban would continue until Provisional Sinn Féin repudiated the campaign of violence. "They do not recognize the institutions of the state, the courts, or the government. They rob our banks and post offices and shoot our gardaí. I do not see the Italians allowing the Red Brigade to appear on broadcasts during an election campaign."

"Terrorists are terrorists. The party was created to support the terrorist movement, and so, to be unwilling to repudiate them."

Speaking in the dreary border town of Dundalk, Dr FitzGerald urged voters to show that they reject the IRA.

There were few black flags, put out last year at the time of the hunger strike, to greet him as his campaign bus began a tour of the border counties where two H-block candidates won seats in June. But along the road, were posters for the Provisional Sinn Féin candidates which can have left Dr

### IRISH ELECTION

FitzGerald in no doubt that they command some local support.

In a factory making electrical components, where Mr Francis Browne, Provisional Sinn Féin candidate for Louth, works, Dr FitzGerald came face to face with some of Mr Browne's supporters. His name was shaken with surly indifference and few girls left him in no doubt of their feelings. "Get the Brits out of Ireland", they shouted.

The folksiness of Irish elections was evident throughout yesterday's tour with people waving at the coach, and traffic at a standstill at Castleblaney as children crowded round Dr FitzGerald to present him with a bouquet for his wife, Joan, and a red rose for his buttonhole.

He could have been the Pied Piper of Hamelin.

Cavan Monaghan is a five-seat constituency which returned Fianna Fáil and two Fine Gael MPs at the last election. It is the fifth seat, which was won by Mr Kieran Doherty, the hunger striker, that is crucial. Although the H-blocks are no longer a big issue, Provisional Sinn Féin hopes to gain votes by choosing candidates well known for their work in the local community, and in Cavan Monaghan have chosen a prisoner on remand in Crumlin Road jail in Belfast accused of the murder of two Ulster Defence Regiment men.

Neither of the main parties, who underestimated the strength of the H-block candidates in the last election, is willing to write them off although it is expected that their votes will drop.

## Home Office sued over test of virginity

By Lucy Hodges

The husband of the Asian woman subjected to a virginity test at Heathrow airport has served writs on the Home Office claiming a six-figure sum for alleged assault on his wife with compensation for the effect it had on his marriage.

Mr Bansi Lal Kakka, of Southall, west London, wants a public apology for the way she was treated by immigration officers. She was given a gynaecological examination when she arrived to join Mr Kakka to whom she was at that time engaged.

Mr Kakka said his wife had been forced to undress and had been examined by a male doctor, although she had asked to see a female doctor. It had caused great distress, embarrassment and humiliation, he said.

She stayed with him and his four young children by his first marriage for four months and then returned to India. Mr Kakka, whose first wife committed suicide and who has one child who is mentally handicapped, told *The Times* in December, 1980, that the test had been so wounding to the dignity of an Asian woman that it would damage her psychologically.

At that time he was proposing to sue the Home Office for the failure of his marriage. Since then his wife has been persuaded to return to live with him in Britain. He is taking action on her behalf for alleged assault as well.

Virginity tests have been banned by the Home Office after the storm that was raised over Mrs Kakka's test. Mr Kakka says he was offered £500 by the Home Office to withdraw his action. He is pursuing it because his wife is still living with the memory of it.

The Home Office confirmed yesterday that it had received the writs.



Bubbles and bubbly: Medical students from the Middlesex Hospital, London, celebrating with champagne yesterday after claiming an under-water piano-playing record. They spent 110 hours at their soundless task (left); Hugh Montgomery (centre, right) performed the finale. The event raised £3,500 towards an ultra-sound scanner.



## Third inquiry into reservoir scheme

By Craig Seton

A public inquiry in April into a proposed reservoir at Roadford, Devon, west of Dartmoor, will be the third since the project was put forward in 1974 as essential to the water needs of the South-west into the next century.

Mr Michael Heseltine, Secretary of State for the Environment, has ordered the new inquiry into the proposed size of the reservoir.

At the first public inquiry, in 1978, the inspector recommended that the reservoir should be at Roadford. A second public inquiry was then held because opponents wanted an investigation into the possible effects of an earthquake on its proposed quarter mile-long dam.

A further delay was caused when Mr Heseltine asked the South-west Water authority to again examine a site north of Roadford. The authority was also asked to consider its water needs until the year 2020 rather than the year 2011, the basis for its original strategy.

## Protest for court

By a Staff Reporter

Motorway protesters believe that the Darent Valley from which the Government judgement this week will strengthen their case in the European Court of Human Rights against the British.

They believe that the judgement shows that there are too few restraints on the powers of ministers to order the building of new roads against the wishes of local objectors.

An Oxfordshire branch of Friends of the Earth intends to claim in the High Court that the system in which ministers who propose routes decide if they should be adopted is a breach of natural justice. Mr Joe Weston, coordinator of the branch, said: "There is every likelihood that it will be thrown out."

Cases are not accepted by the European court unless claimants can show that they failed to win justice in their own countries. The branch of Friends of the Earth is based at Wheateley near the junction from which the Government wants to begin the Oxfordshire-Warwickshire extension of the M40 motorway.

## Doubts on badger disease link

By Hugh Clayton, Environment Correspondent

Work by government researchers shows that there are still uncertainties about the disease which badgers are thought to pass on to cattle. Ministers use the evidence of infection to defend their campaign of containing the disease by killing badgers with poison gas.

Four researchers with the Ministry of Agriculture Fisheries and Food, which oversees the gassing campaign, say in a paper published yesterday by the British Ecological Society that some aspects of the frequency of the disease in badgers remain unexplained.

Their statement will encourage naturalists who oppose gassing to question again the ministry's conviction that badgers infect cattle with tuberculosis.

The paper, says that investigations of badger habits in the late 1970s revealed discrepancies in infection.

The paper was written by Dr Christopher Chessman and Mr Peter Mallinson, of the ministry's agricultural science service, Mr John Gallagher of its veterinary investigation centre, and Mr Gareth Jones, a divisional officer of the state veterinary service.

They examined four areas in South-west England where badgers and cattle were diseased. Their work showed that the rate of disease in badgers was low in Gloucestershire, which has the highest recorded density of badger population in Europe. In Cornwall, where the badger population was the most thinly distributed of the four sites inspected, the prevalence of the disease was highest.

They concluded that there must be some unexplained cause of variation in infection. "Further elucidation would increase our knowledge of the epidemiology of tuberculosis in badgers and cattle", they wrote.

*Journal of Applied Ecology*: Vol 18, No 3; (Blackwell Scientific Publications, Osney Mead, Oxford.)

### Research council cuts: 4

## Anatomy of a political pariah

By David Walker

The Social Science Research Council receives less than 5 per cent of the total research council budget. A large amount of social research is carried out in universities, institutes and government departments outside the council's ambit.

The SSRC has taken a disproportionate share of cuts in research in recent years. Postgraduate training has been the main victim of a 20 per cent reduction in its budget since 1979. The council is now working out how to apportion a further cut for 1982-83 announced by Sir Keith Joseph, Secretary of State for Education, last December; the Government is subtracting £1.1m, or 4 per cent from the amount the council calculated was needed to keep research and training at the 1981-82 level.

Yet the SSRC is perhaps the best known of the research councils. Its notoriety apparently gives it the rank of, say, the Natural Environment Council, founded with the SSRC in the burst of early Wilsonian creativity legislated for in the 1965 Science and Technology Act.

That the SSRC has had so much public attention, not least from Conservative ministers, is explained only partly by its functions as a quango. The SSRC suffers, if that is the word to describe the recent attentions of Sir Keith, from the nature of social science as an intellectual and academic pursuit.

What the SSRC does, essentially, is to provide funds in addition to those of the University Grants Committee for research and for maintaining postgraduates.

The latter is officially called training; but Britain is still notoriously behind in the rigorous training of social science postgraduates in the methods of research.

Of the £5.8m spent by the SSRC in 1980-81 on research grants the bulk went to academics in university and polytechnic posts. Likewise, nearly all of the 1,200 studentships it offered in 1981-82 supported young men and women studying for higher degrees.

The theory of this, the "dual-support" system, is that the university requires a number of researchers able to pursue knowledge for its own sake in order to advance the frontiers of their subject. In addition, the SSRC has been expected to spend money on projects that will "solve social problems".

Three of the five chairmen the SSRC has had were appointed by Labour governments but subsequently had to deal with Conservative secretaries of state for education. This fact, and the philosophical suspicion of

social science which Conservative ministers have, explains why the SSRC has acquired a left-wing reputation.

Judging by its grant policies, the description is not fair. The first of the accompanying tables shows two things. One is that the SSRC has altered priorities, for example downgrading sociology and management.

The second thing is that social science is not, as commonly alleged, merely sociology. Some of the work done under the headings of education and political science is sociological; but some of the work under sociology is social administration.

Tomorrow: Science

### RESEARCH APPLICATIONS

	Number	Success rate by value %
1974-75	542	44
1975-76	745	29.4
1976-77	733	22.4
1977-78	638	29
1978-79	749	33.5
1979-80	686	32.0
1980-81	884	25.2

### Research funds committed by subject

	[1974]	[1981]
Computing and social sciences	6	11
Economic and social history	26	22
Education	7	9
Human geography and planning	6	9
Law	1	1
Linguistics	1	2
Management and industrial relations	12	6
Political science	6	6
Psychology	12	13
Social anthropology	3	3
Sociology	14	11
Statistics	2	3
Social forecasting	2	2
Local survey studies	2	2
Transport	2	2
* less than 1 per cent.		

## Poll test on fares

From Ronald Kershaw, Barnsley

Barnsley Trades Council is calling for Labour members of South Yorkshire County Council to resign and fight by-elections on the principle of maintaining low-cost bus fares through subsidies from the rates. The eventual aim is to have legislation amended to make the policy permissible.

The move has been initiated by Mr Jack Brown, chairman of the Trades Council; Mr Michael Stokes, the secretary, and Mr John Tidball, all of whom are councillors.

Their argument is that 82 of South Yorkshire's 100 councillors were elected on a manifesto which promised no increases in bus fares. Because they now are obliged by law to increase them, councillors should go back to the electorate for reelection to explain this and obtain approval.

Mr Brown said yesterday: "We might be in a position where county councillors have either to vote for increases in fares or vote against. Our manifesto was explicit. Labour will not increase fares, or rather, continue its policy of not increasing fares."

Mr Brown said the idea

was that some Labour councillors should resign their seats and go back to the electorate with an amended policy. He said that he and his colleagues had been told by the chief officer of the county council that if they went before the electorate on a "charade" standing on their previous manifesto, being re-elected and voting against increasing fares, they would be wasting ratepayers' money and would be charged with the cost of the election.

Mr Brown said: "We have said the honourable thing is to go back to the electorate and say we accept the legal position at this stage. We can then say we have consulted the electorate and we are going back to them with a realistic appreciation of what the legal position is and we will fight to try and make the fare increases as small as possible and fight to get Parliament to amend the legislation to permit us to revert to our previous policy."

Mr Brown said he was trying to organize transport workers' unions to take direct action. He thought that South Yorkshire should be setting an example to other authorities.

## SWEET LIFE OF £177,000 DEBT MAN

A former broker in the City went through £661,120 in three years after embarking on a life of enjoyment. Instead of working, he went round the world, bought himself race horses a beautiful home, a Rolls-Royce, and gambled at racetracks and casinos.

"One of your horses was called Sweet Life. And that just about sums up your position," Mr Kenneth Whiting assistant Official Receiver, said at the London Bankruptcy court yesterday.

Bernard John Roberts, aged 60, of Wimbledon, London, who is living on social security payments with debts estimated at £177,750, replied: "I cannot argue with that." Mr Roberts said that in 1973 he accepted an offer of £661,120 for his shares in a money-broking company and by 1976 the money had gone. He knew he would eventually face a demand for Capital Gains Tax but failed to put aside any of the money. The Inland Revenue is claiming £130,000.

The public examination was adjourned until April.

## Premium Bonds

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There's no more exciting way of saving. Every month Premium Bonds pay out over 100,000 prizes, including a top prize of £250,000. On top of that there are weekly prizes of £25,000, £50,000, and £100,000. All prizes are tax free. Even if you don't win you can't lose. Because your numbers go back into the draw month after month. And you can always get your money back.

Premium Bonds are sold in £1 units, and the minimum purchase is five.

But you can buy up to £10,000 worth, and the more you hold the better your chances of winning.

You get them at banks and post offices, where you'll also find a leaflet if you want more detailed information.

**National Savings**



## PARLIAMENT February 10, 1982

## Rail dispute will put jobs in jeopardy

## TRANSPORT

The railways dispute was causing deep damage both in the short and longer term, Mr David Howell, Secretary of State for Transport, said during questions in the Commons. The sooner all concerned pressed Aslef to abandon its strike the better, Mr David Howell (South Bedfordshire, C) asked if the Minister took the view that if disruption continued future modernization of the railway would be put at risk? Will he be in mind the added the competing need of the road network for more public funds?

Mr Howell: Deep damage is being caused by this strike. There will be need to press ahead with many measures to overcome the losses on the railways. Mr Robert Cook (Edinburgh, Central, Lab): Any investment in modernization will have to come out of the external financial limit which has been increased by substantially more than the rate of inflation anticipated by the Treasury. The increase in that limit for next year will be wiped out by borrowings over recent weeks.

As it is the Government which encouraged British Rail to go ahead with that borrowing, will he at least make sure it is not penalized by an unrealistic level of extreme financial limit for next year which will mean no modernization, no investment and little maintenance? Mr Howell: The limit for next year has been maintained in real terms. The need is for all concerned, including those in the railway unions, to urge Aslef to end their strike and recognize, along with the other unions, that increased pay and productivity and investment go hand in hand. That is where the future of the railways lies. That was the way we were going before this strike.

Mr Robert Adley (Christchurch and Lynton, C): It would be unfair, both on the majority of railwaymen in the NUR and the TSSA and on the travelling public, if Aslef's tactics were to result in the long-term in the jobs of NUR and TSSA members being put at risk.

Mr Howell: When the inquiry is meeting it is wrong to comment on the merits of the dispute. The strike is causing deep damage.

both in the short and longer term. Since the future of the railways depends upon its customers, and they are finding themselves in an awkward situation, particularly the long-suffering commuters, all this spells bad for the railway.

The sooner all concerned pressed Aslef to lift their strike and stop the damage to the railway.

Mr Leslie Huxford (Nuneaton, Lab): How can the Minister say that the increase in the external financial limit will be wiped out by borrowings over recent weeks?

Mr Howell: I hope he will also make a constructive intervention. The most constructive intervention would be to urge Aslef to end their strike and recognize, along with the other unions, that increased pay and productivity and investment go hand in hand. That is where the future of the railways lies. That was the way we were going before this strike.

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## Last word goes to Jenkins at rally

By Our Political Editor

Mr Roy Jenkins, a favourite candidate for the leadership of the Social Democratic Party, will make the final rallying speech of the SDP's constitutional convention on Sunday.

But the four provisional joint leaders are to share the burden of chairing the one and a half day conference in Kensington, London. They will try to persuade 293 articulate and opinionated representatives to agree, in only 10 hours of debate, to a draft constitution of some 25,000 words, which will then be put to a ballot of all party members.

Proceedings will reach a climax with a feast of refined voting, a two-stage use of the single transferable vote, to resolve the trickiest question, how to elect the leader. The organizers hope to reduce three main options: election by the mass membership with one vote for one party member; or by MPs subject to first endorsement; or by MPs first, but only on certain conditions.

The fun of explaining all this will go to Mr Robert MacLennan MP for Caithness and Sutherland, who had the principal part in drafting the constitution. If all goes smoothly the final triple choice will be put to a separate ballot of all 70,000 members.

One proposal would help Mr Jenkins, if he fails to find a parliamentary seat. This is that a provisional leader until the next general election could be someone who is not an MP. The election of the leader will not take place until November.

Scores of amendments sent in by the 110 area parties have been boiled down by diplomacy and arm-twisting to 53. But apart from the leadership question, two divisive matters are sure to reach the floor.

The first is over whether the party should be organized in single constituencies, or in area parties as at present covering up to seven constituencies. This makes for a slimmer and more efficient party, in the view of the leadership; for a more centralized and less democratic party, in the eyes of their critics.

Feelings run high over the draft provisions to give roughly equal representation to men and women at every level in the party. Some members are strongly opposed to any positive discrimination.

If the voting is close on that or any other sensitive question, democracy will again supply the answer. A verdict will be sought on that, too, by ballot of the whole membership.

## SDP winning its way into the town halls

By Ian Bradley

The SDP-Liberal Alliance has won more than half of the local government seats it has fought since July 1.

The latest analysis by the *New Statesman* shows that up to the end of last week the alliance had won 125 of 235 seats contested in England and Wales.

Altogether, in England the alliance has made a net gain of 109 seats since July 1, with the Liberals winning 63 and the SDP 46. The Conservatives have had a net loss of 57 seats, Labour of 31 and other parties of 21.

This week's issue of the *New Statesman* includes a regional breakdown of local election results which shows that the alliance has been doing significantly worse in the Midlands than elsewhere.

Together, the Liberals and SDP have won two thirds of the seats they have contested in the South, half of those fought in the North, but only a third of those in the Midlands. Labour made a net gain of one seat in the Midlands since July 1, compared to a net loss of 20 in the South and 12 in the North.

One reason for the alliance's good showing in the South is the preponderance of Conservative seats which have proved consistently more vulnerable to the SDP-Liberal challenge than Labour's.

There has also been a disintegration of Labour support in London which has not been matched in the big cities of the East and West Midlands. The Liberals have traditionally been weak in the Midlands and that may also help to explain the alliance's poorer performance there.

It is unlikely that there will be many more local contests before the local government elections in May which will affect all the London boroughs, metropolitan district authorities and many non-metropolitan district councils. It is unusual to hold by-elections during the three months leading up to full elections.

## Sea Eagle missile project goes ahead

By Henry Stanhope

The Ministry of Defence has given approval for production of the Sea Eagle missile, whose future has been in doubt for more than a year. Final approval of the £200m package was announced by Mr John Nott, Secretary of State for Defence, yesterday.

Estimates of the number of jobs preserved by the decision range from several hundred to more than 1,000, while more job opportunities might be created among sub-contractors.

Sea Eagle is a long-range, sea-skimming weapon to be launched at enemy craft from RAF Buccaneers and the Navy's Sea Harriers. It might also be fitted to the Tornado although its role as a maritime strike aircraft is in question after changes which the RAF has had to introduce into its front line.

Towards the end of 1980 it looked as though Sea Eagle, then being developed by British Aerospace Dynamics, would fall victim to the need for more short-term defence economies. It survived unscathed from Mr Nott's defence review last year. It will now enter service in the mid-1980s.

British Aerospace has also been carrying out studies on the potential as an all-British cruise missile.

It is understood that work so far completed has not encouraged results that a satisfactory guidance system seems to have been found. Such studies have been carried out by British Aerospace on its own and without, so far, any official government backing. British Aerospace has been looking at the possibility of fitting the missile launchers to Royal Navy surface ships as alternative platforms to the aircraft for which the missile has been designed.

Protest at ritual slaughter

By John Young

A petition carrying more than 6,000 signatures protesting at the ritual slaughter of animals and calling for changes in the law was presented to Mr Peter Walker, Minister of Agriculture, Fisheries and Food, yesterday by Mr Stephen Peake, chairman of the North Devon branch of the Royal Society for the Prevention of Cruelty to Animals, and Mr Anthony Speller, Conservative MP for Devon, North.

The petition was prompted by the licensing of an abattoir last May to slaughter lambs and calves for export to Libya.

The Slaughterhouses Act, 1974, stipulates that as standard practice animals must be killed instantaneously or else rendered insensible to pain until death intervenes.

But exceptions are made for the Jewish *kashrut* and the Muslim *halal* methods of slaughter, both of which involve slitting the throats of the animals while they are conscious. They consequently suffer a period of pain.

The RSPCA objects to such practices but realizes that it is treading a delicate and sensitive path. Objections from the public are frequently inspired by anti-semitic or racial prejudice and in 1979 the society felt compelled to emphasize that neither religious dogma nor racial discrimination were relevant to its consideration of the matter.

There are between 15 and 20 abattoirs licensed to use the Muslim method, but the Jewish figures are unknown. Muslim groups are also much readier than Jews to discuss changes such as the use of stunning.

BUNNIES IN JOB LOSSES AT PLAYBOY

More than 300 members of staff at the Playboy Club in London are to be made redundant when gambling ceases at the end of the week.

Some of the bunny girl hostesses were in action when the auctioneer's gavel was raised by the new owners, Trident Television. The company wants to rid the club of its risqué image by changing the uniforms to the bunny girls who have become an institution over the past two decades.

The Gaming Board and the Metropolitan Police objected to the club's licence being renewed last year and gambling will cease next Monday, although the restaurants and bars will remain open.

Eve Tharratt aged 31, a former bunny girl who became a restaurateur, is on the redundancy list. "It is a sad day. It is the end of an era," she said. It has been part of her life.

Trident Television blames the redundancies, among a staff of between 600 and 650, on a lack of revenue due to the closing of the casino operation. It intends to apply for a new licence.

## Little accord on rate substitute

## LOCAL FINANCE

Rates on commercial and industrial premises were a considerable problem and constituted a substantial burden on industry and commerce, adding to industry's costs diminishing its competitiveness, causing increased prices and reducing the value of the pound, the Lord Boyd-Carpenter (C) said when opening a debate on the rating system.

He called attention to the problems involved in the system of local rates, and their impact at current levels on domestic, industrial and commercial ratepayers, and to the suggestions for improvement contained in the green paper *Alternatives to Domestic Rates*.

Boyd-Carpenter: Taxation without representation

As Chief Secretary to the Treasury, in 1963, he had made a speech proposing a reform of the rating system at the Conservative Party Conference. Just before the speech, Lord Hare of Hirsch had arrived with news of Mr Macmillan's decision on the future leadership of the Government and the country. But this news could not be announced until after his speech.

My pronouncements (he said) commanded remarkably little attention. Even *The Times*, which was most kind to me, did remark: "Never before have 25 minutes of the Chief Secretary seemed so long."

This episode illustrated what a long-standing issue the subject of rates was. Local government spending in the year just ending amounted to £30,000m — about one quarter of total public expenditure, or 6 1/2 per cent of gross domestic product. Of the £30,000m some £5,000m was financed by payments, rents, charges and fees to local authorities, leaving £25,000m divided between block grant from government and rates from domestic, industrial and commercial ratepayers.

Of that large sum, the Government contributed 57 per cent — rather a large share with 19 per cent, £4,800m, to be raised by domestic ratepayers and 24 per cent, £5,000m, by industrial and commercial ratepayers. The larger burden was borne by the industrial and commercial ratepayers, but this had not been directly dealt with in the green paper.

Rates took no account of ability to pay. A firm losing profitability still had rates assessed on its premises and not on its capacity to pay. When Britain was last going into a major world recession, in 1929, the government of the day decided to derate industry in respect of three-quarters of its liability for rates. Although this was modified in the late 1930s,

some element of derating survived until 1963. It was at least for consideration in a somewhat similar situation today.

Industrial and commercial ratepayers were unable to vote on the election for those responsible for the level of local rates. Since the rating of the business vote — an example of taxation without representation which in another context was responsible for the foundation of the United States.

The system was under strain when the rates rose sharply as they had done. The recent taxation of the Lords of the Unlawfulness of the GLC precept had raised doubts in many ratepayers' minds about the lawfulness of rate demands they received, and some local authorities had not seen fit to pay the refunds.

There were three criteria which ought to apply to any form of local taxation. First, it should be a public body which spent public money should take responsibility for the unpopular raising of it; second, it should have a chance of expressing their views periodically on the policies which determined the level of taxation; and third, it should have a proportion of those who benefited from the expenditure so financed should be conscious of the way the money was being raised.

Education and police were part funded by local authorities. It was at least arguable that the present division of financial responsibility for those services was not necessarily one that was suitable for the future.

On the Green Paper's alternatives, he was not enthusiastic about the local income tax. There was the practical point, that the local authorities had no control over the level of taxation, often did not live in the areas where they earned their living.

So residential areas would do well out of a local income tax — such as Sunningdale, Haslemere and the surrounding areas. The central areas of cities would find they did not raise much revenue.

There was more to be said for a local income tax. It was something immediately perceptible by the taxpayer. A modest poll tax was also understandable and perceivable.

But he remained sceptical if the present discussions would produce a sound solution. If the rating system remained, considerable amendments, improvements and modernization might be made.

investigation but it did have merits.

Contrary to popular belief, domestic rates had not risen as a proportion of personal disposable income.

The local sales tax, as proposed in the green paper, had many disadvantages. It was a tax on people regardless of means and possibly contravened EEC regulations.

The poll tax had the transparent disadvantage of not differentiating between rich and poor. The greatest objection was that it was a tax on voting and that was a very unsavoury principle to introduce.

Lady Stedman (SDP), a former county councillor, said local government should determine the amount of grant it gave to local authorities and that they were able to borrow. Within those two constraints, local government expenditure could and should be left to the local authorities to determine as long as expenditure was financed by local authority taxes for which councillors were accountable to their electors.

It was the attempts of central government to take over the responsibility for expenditure which had led to the increasing confusion and uncertainty and was going a long way towards ruining responsible local government.

Her quarrel with the green paper was that while it considered some of the issues it only did so in the context of alternatives to domestic rates.

There should be more investigation into a local income tax and a local poll tax. It would be a disaster if central government in its efforts to bring to heel a small handful of the big spenders took steps to increase centralization of expenditure.

Viscount Ridley (C), a member of the Layfield committee and president of the Association of County Councils, said they had to establish a system which gave local government as much financial independence as possible consistent with the overall management of the economy.

It was not possible to keep domestic rates separate from the non-domestic rates. Lord Brooks of Tremorris (Lab) said he would support a simple change from the present national rent value to a system of capital valuation.

## Scottish councils urged to save even more

## SCOTLAND

The expenditure target set for Scottish local authorities would require significant reductions in the level of expenditure for which they had planned in the current year, Mr George Younger, Secretary of State for Scotland, said when moving the Rate and Local Government Support Grant (Scotland) Order.

He said any authority which had failed to exercise reasonable restraint in applying for that year would face a more difficult task in reducing expenditure in 1982-83.

Nevertheless (he said) I ask authorities to redouble their efforts to find economies: no saving, however minor, should be neglected.

The intention should be to avoid charging to the rates one penny more than was necessary for a different approach which the private sector was well accustomed to applying. On that basis, he doubted whether any single authority could claim that there was no scope for further reduction in expenditure.

The more responsible authorities had amply demonstrated that reducing economy and restraint in the rates they paid was a reasonable response. He urged those authorities which had so far failed to recognize the need for moderation to follow the example of their fellow authorities.

Until a local authority began to exercise the discipline of reducing its pay roll it could not hope to reduce expenditure. The policy in many areas on main roads, for example, was inevitably meant that the amount of money available for expenditure on items other than staff salaries and wages was squeezed disproportionately.

In framing their budgets authorities should plan for a prudent and realistic approach to cash terms and then ensure that the costs of the services which they provided were kept within the cash limits.

The difficulties would be much less than those which arose from the previous approach under which local government was sought to maintain a predetermined standard of service irrespective of the scale of cost increases affecting local government expenditure.

withhold grant amounting to £50m.

Local authority budgets for 1981-82 had indicated that they were planning to spend £180m above the Government's planning figure. He had, therefore, said last June that he proposed to withhold £100m of grant as a reasonable response. In December, after representations, he had announced that he would withhold only £58m. Some £22m of that total was being withheld from some authorities which planned particularly high spending, leaving £27m to be withheld across the board.

He accepted that there was an element of rough justice in his approach. There was no alternative under present legislation to distributing a general grant reduction through the distribution formula but he would be willing to consider any proposals for a different approach which commanded wide support.

If authorities planned for expenditure significantly above the levels committed to them in the grant settlement, he would not hesitate to use the full range of statutory powers available to him.

Local authorities were being provided with resources from the Government which would enable them to maintain services at an acceptable level but they must heed the advice he had given them since 1979 to reduce their expenditure which was much higher than they ought to be.

Mr Bruce Millan, chief Opposition spokesman on Scotland (Glasgow, Craigston, Lab) said there was a background of bitterness and anger on the part of local authorities at the way they had been treated by the Government. Negotiations under the Government had become a farce. There was a crisis of confidence.

The rates would go up by a considerable amount. The reason for the increase was not fairly and squarely with the Government.

A £27m penalty was being imposed on local authorities which attempted to meet the wishes of the Secretary of State, but were unable to do so because the figures were unrealistic. This would be another element in the large increases ratepayers would be paying.

In this order there was a cut in grants from 66.7 to 64.2 per cent which the Government could not pretend would not affect ratepayers. Such a reduction meant an additional 8 per cent on the rates. There was not a chance of local authorities being able to meet the guidelines in 1982-83.

He would be astonished if the overall increase in rates in 1982-83 was not more than 20 per cent, perhaps something like 25 per cent. There would be poorer services as well.

The order was carried by 304 votes to 231. Government majority, 73.

Transport Bill

The Transport Bill which changes the law on fixed penalties for certain road traffic offences, among many other things, was read a second time on Wednesday night by 314 votes to 246 Government majority, 68.

Huckfield: BR breaking law

Battersea, North) yesterday because I do not want to see Londoners exposed again to crucifying rate levels again.

Mr Stephen Ross (Isle of Wight, L): Does he wish to see London exposed to even heavier traffic and that there would be no end to one of the best things they have ever done.

Mr Howell: Successive governments, including Labour, have concluded that indiscriminate subsidization of the kind which apparently was being practised in the second half of last year are not necessarily the best answer and do not necessarily help with the traffic. Such subsidies damage business in central London because of high rates and create imbalance and difficulties for London Transport travellers.

We are leaning over backwards to try to help the GLC to get out of these difficulties.

Mr Robin Squire (Havering, Essex, C): Many of my constituents are confused about the current state of affairs and about the responsibility. That confusion is being increased by the Labour majority on the GLC who agree on what they wanted to do.

Mr Howell: It would be valuable if the GLC could agree a London Transport budget so that they could settle down to a period of stability. They have a responsibility to the public to get London Transport back on the track again.

It is possible to develop an efficient



## MPs clash with police chief over complaints

By Peter Evans, Home Affairs Correspondent

Labour MPs clashed with Mr Patrick Kavanagh, Deputy Commissioner of the Metropolitan Police, yesterday after he described moves to make the investigation of complaints against the police more independent "as a public relations exercise".

Mr Kavanagh told the Commons Select Committee on Home Affairs he believed the present system could not be improved.

But the Metropolitan Police said in written evidence that the most practical of the schemes proposed was for the most serious complaints to be investigated by an officer from another force under the supervision of an independent assessor.

That roughly corresponds with the present thinking of Mr William Whitelaw, Home Secretary, who plans to introduce a Bill reforming the system. He has not decided who should be the assessor, but Sir David McNee, the Commissioner of the Metropolitan Police, said in written evidence that the Director of Public Prosecutions would be the most logical choice.

Mr Robert Kilroy-Silk, Labour MP for Ormskirk, and chairman of the Parliamentary Affairs Group, questioned Mr Kavanagh's sincerity, accusing him of backing an idea that he did not believe in.

"Please do not put words into my mouth," Mr Kavanagh replied, saying it was

## Cuts threat to search for perfect apple

From Craig Seton, Bristol

Scientists striving to produce the ideal English apple at a West Country research station have been shocked by the news that their work could soon be halted by public spending cuts.

The Agricultural Research Council, which is largely Government-funded, is proposing to close the pomology division and the food and beverage department at its Long Ashton station, near Bristol, to save £3m a year.

It is the pomology division where years of research have been undertaken to try to produce steadily improving varieties of old-established English apples, especially the Cox's orange pippin and the Bramley seedling. Their work became even more important when British fruit growers looked for an apple to compete with the French Golden Delicious.

Recent research at Long Ashton has involved subjecting cuttings of apple trees to gamma radiation, of the type used to treat cancer patients, to produce mutations from which the more desirable characteristics of a variety of apples.

Mr Peter Weaver, a member of the scientific and liaison section at Long Ashton, said: "We are pretty distressed at the moment. It is a question of moving us or closing us down and creating up to a hundred redundancies."

He said the news came at a particularly bad time for the research in the pomology division. Within two or three years it had hoped to release to growers some of the improved strains they have been investigating since the late 1950s. Some growers were using the more compact Bramley seedling trees produced by the station to aid intensive growing.

Long Ashton was making good progress towards "self-fertilised" strains of the unreliable Cox's, and working to produce "more precocious" strains of the Discovery apple.

Mr Weaver also gave a warning that the closure of the food and beverage division would badly affect the £40m a year strawberry industry, as the Long Ashton station was the only one breeding strawberries.

The industry relied on only one real variety, the Cambridge Favourite, and three supporting varieties, but the station was raising new varieties in case the older ones were cut down.



Mr Andrew Pyke, the British businessman released last week after 17 months in detention in Iran, at Lambeth Palace yesterday with his wife, second right, and the Archbishop of Canterbury, Dr Robert Runcie, and his wife.

## Eat more bread, says dietician

By Annabel Ferriman, Health Services Correspondent

The National Health Service spends at least £20m a year on laxatives but constipation could be eradicated if people ate more bread, Sir Francis Avery-Jones, a consultant gastro-enterologist told a symposium yesterday.

Wholemeal bread was useful for people who had a tendency to put on weight because it was filling and so reduced people's desires for other food, he said.

Sir Francis told the meeting, on the nutritional aspects of bread and flour, that the medical profession had grown to favour people reducing the proportion of fat and sugar in their diet.

"For those whose weight is acceptable it seems logical and appropriate to increase the proportion of carbohydrate in the diet, which in this country means eating more bread," he said.

Sir Francis, who was a member of the Royal College of Physicians' working party on Medical Aspects of Dietary Fibre, said that more fibre in the diet reduced the incidence of irritable bowel syndrome (diverticulosis) and piles (haemorrhoids).

The meeting at the Royal Society, in London, was called by the bread industry.

## Sex inquiry looks at witness immunity

From Tim Jones, Belfast

A committee of inquiry into a homosexual scandal that has outraged Northern Ireland yesterday was examining the possibility of granting witnesses immunity from possible criminal or libel action. The committee starts taking evidence tomorrow.

Without such immunity, it is claimed, the full truth of the affair, which culminated two months ago in the imprisonment of the warden, deputy warden and house father of the Kincora boys' home, east Belfast, will never be known.

During the inquiry, which may last until June and call more than 100 witnesses, the committee will be told that the offences went on for almost 20 years. It will also be told of homosexual assaults at other homes in Northern Ireland.

Rumours of the extent of a homosexual ring involving prominent people have been so strong in Belfast that Mr James Prior, the Secretary of State, has rejected allegations that civil servants, police officers, businessmen and local figures were implicated.

The committee is also expected to hear that the army's so-called black propaganda unit knew that one of the convicted men, Mr William McGrath, the house

## BBC joins breakfast TV race

By Kenneth Gosling

The BBC is expected to "make a dash" for breakfast television, beating TV-AM, its commercial rival, by several weeks.

TV-AM is due to begin broadcasting in the spring of 1983; today's meeting of the BBC's board of governors will have before it a board of management report which is understood to support Mr Alasdair Milne's advocacy of an early start to a breakfast-time service.

It will differ in one important respect from the original plan. Radiovision, linking a sound and a vision service, will be abandoned as a result of an unsuccessful experiment in Scotland in favour of a straight television service.

Mr Milne, the BBC's next director-general, has said that if the BBC fails to act quickly on breakfast television, "people will come to expect that ITV is the place to turn for news, in the morning and later, and this could be profoundly damaging to us".

## Pigs die in fire

Thirty-five pigs died in a fire at Hillcroft Farm, West Stratton, near Basingstoke, yesterday. A pig knocked over a paraffin lamp, the police said.

## NEWS IN SUMMARY

### 'Which?' tests vote systems

There is no best buy among voting systems. That is the surprising conclusion of *Which?* magazine. (Ian Bradley writes).

*Which?* has this month subjected the various methods by which legislators are chosen around the world to the rigorous tests which it normally reserves for washing machines and brands of margarine. It tested four voting systems and found that they all had counterbalancing advantages and disadvantages. Britain's first-pass-the-post system was found good in that it produced local MPs with whom the voter could identify; but had at ensuring that MPs or governments had broad support in the electorate.

The alternative vote system, in which electors rank candidates in order of preference, was found to be superficially attractive but unable to give small parties or minority groups much of a say in Parliament.

Those who compiled the report seem to favour the single transferable vote. Listed among the users of that system, the Irish Republic, Australia and Malta, is the Council of the Consumers Association, publishers of *Which?*

### Hearing date for rape case plea

An application for a private prosecution in the Glasgow rape case will be heard by Judge in the High Court in Edinburgh on March 16. A bill for criminal letters, a little used legal process, was lodged on behalf of a woman aged 30 in Edinburgh yesterday.

Charges against three youths were dropped last September by the Crown Office after fears that giving evidence would affect the woman's mental health.

### The Mary Rose is a monument

The wreck of King Henry VIII's warship, Mary Rose, lying at the bottom of Portsmouth harbour, has been declared an ancient monument.

The decision means that the Mary Rose Trust formed to raise the ship will receive £150,000 from the Department of the Environment. The ship sank with the loss of 700 lives

## Bugging policy questioned

Mr Dafydd Wigley, a Plaid Cymru MP, is to ask the Home Secretary to make public the guidelines he gives to the police on the use of listening devices. The move comes after an admission earlier this week by Mr John St David Jones the acting Chief Constable of North Wales, that the police placed a device in a public telephone box in the village of Talsarn, Gwynedd.

The acting chief constable said it would not be in the public interest to disclose details of investigations into serious crimes involving bugging.

Mr William Whitelaw, Home Secretary in a letter to Mr Wigley, MP for Caernarfon, said the Talsarn incident "involved the use of a

surveillance device which picked up what was said in the kiosk."

Mr Whitelaw added: Surveillance devices are used by the police in a wide variety of circumstances in the investigation of serious crime. They are standard and accepted means of technical assistance available in police investigations. The use of such devices is an operational matter for chief officers of police.

Mr Wigley has tabled a Commons question for answer next Monday. He is asking Mr Whitelaw to publish the guidelines issued to chief constables on the use of listening devices by officers within their control. He also wants an opportunity for MPs to express their opinions.

# COAL: INDUSTRY'S SECURITY FOR THE FUTURE.

If you're planning the long term future of your company, you should plan it around a source of energy that's going to be around for some time, like coal. Britain has coal reserves which, based on present mining techniques and present levels of production, will last for at least another three hundred years. And, with the improvements in technology that will undoubtedly come during that time, the reserves will last very much longer.

**Does your company have this security for the future?**

We are sure we don't have to remind you of the three words you can read in the newspapers almost any day of the week: Middle East crisis. We'll leave it to you to conjure up pictures of soaring oil prices, unreliable supplies and increasing tight stock.

In fact, there is now no concrete argument for not installing coal fired boiler equipment, particularly if your company is planning to be around for some time. Maybe even in 300

years time. And isn't that important?

**Coal: be prepared to be surprised**

There have been some very impressive advances in boiler technology and combustion equipment, as well as methods of coal and ash handling.

The whole operation may be very different from how you imagine. It's extremely efficient. It's now possible to operate in excess of 80% thermal efficiency with modern coal fired plant, which makes coal firing both very economic and competitive.

It can be completely automatic with the modern coal and ash handling equipment now available. This permits coal fired boiler houses to be light, airy and clean. And it's very up-to-date. Over the years extensive research and development programmes have been carried out. The most recent development is fluidised bed combustion.

This technique provides higher heat release rates, which means boiler sizes, and therefore capital costs, may be reduced.



It also means that a wider range of coal can be burned and, with combustion taking place at a temperature below the melting point of ash, boiler availability is greatly extended.

### Companies that can see beyond the next twenty years.

Many far-sighted companies are using coal fired boilers already.

Take Graham and Brown, wallpaper printers, for example. Their

new boiler house (which is maintained in absolute pristine condition) has been very much the cornerstone of the company's expansion.

When planning the installation of the new boiler house other fuels were considered, but at the recommendation of their fuel supplier, Graham and Brown, continued with coal. As David Brown, Director, says "That is the business decision we shall all remember as being of great significance. Just on fuel savings alone we have calculated that in the first 3 years of operating the new boilers we saved £80,000."

This boiler house is truly modern and was purposely designed for coal firing. From fuel reception, no fuel is seen or handled and ash is transported away to a silo to await collection. With modern pneumatic handling of coal and ash this boiler house is very efficient and very clean.

### Let us tell you more

The wide range of coal fired boiler plant and equipment is designed to meet every conceivable need, from power generating requirements to small units in commercial buildings.

In addition there is a nationwide network of coal distributors who are strategically situated to give advice and provide an efficient delivery service to industry.

If you would like one of our fuel engineers to visit and give you free, expert advice, contact the NCB Technical Service.

We will also give you information on the recent government grant scheme which provides up to 25% of the cost of switching from oil to coal-fired boilers.

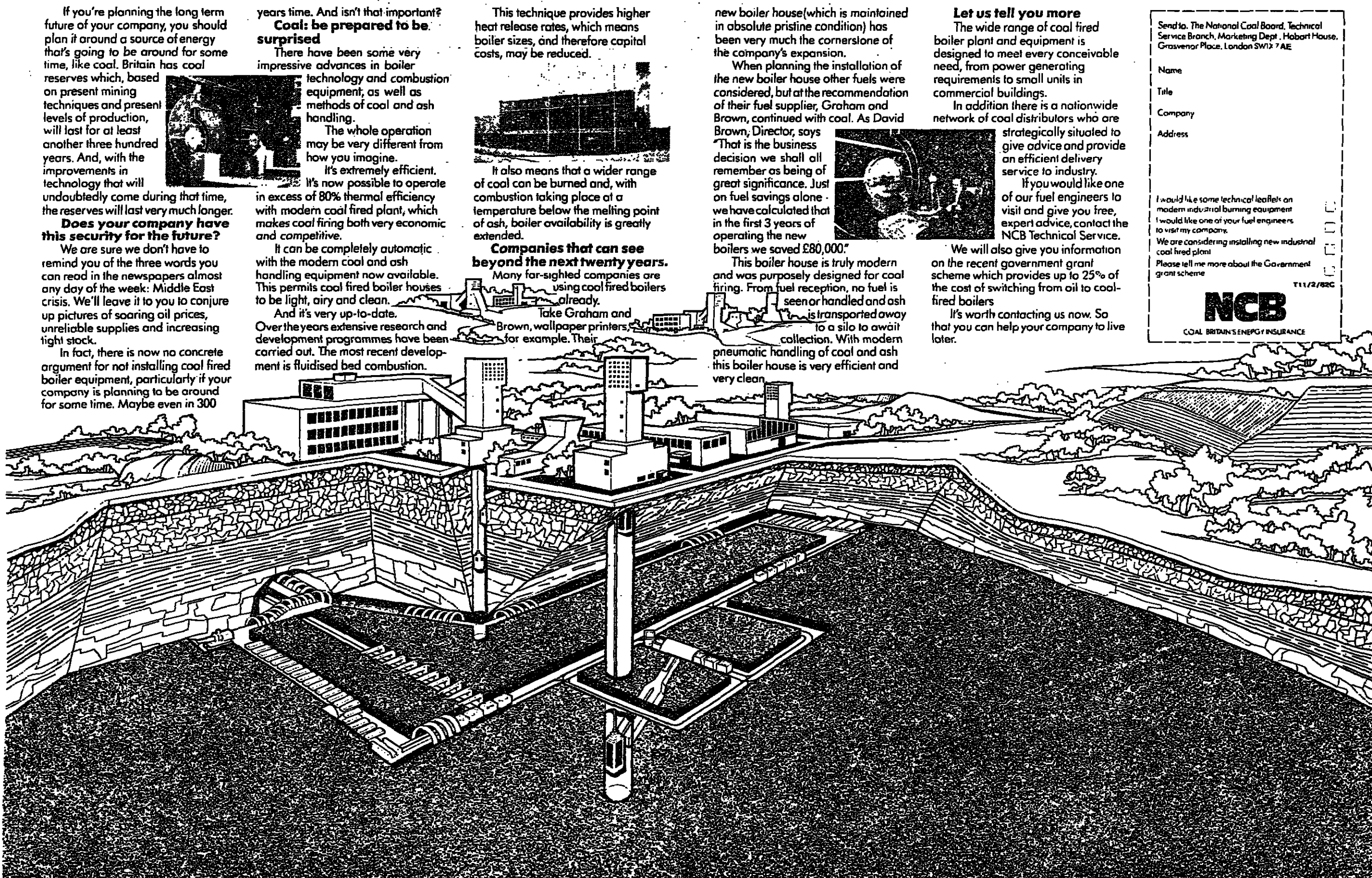
It's worth contacting us now. So that you can help your company to live later.

Send to: The National Coal Board, Technical Service Branch, Marketing Dept., Hobart House, Grosvenor Place, London SW1X 7AE

Name \_\_\_\_\_  
Title \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_

I would like some technical leaflets on modern industrial burning equipment. I would like one of your fuel engineers to visit my company. We are considering installing new industrial coal fired plant. Please tell me more about the Government grant scheme.

**NCB**  
COAL: BRITAIN'S ENERGY INSURANCE





## NEWS IN SUMMARY

## 8oz of drug brings 33 years' jail

Bangkok — An English tourist was sentenced to 33 years and four months' imprisonment for attempting to smuggle 208 grams (about 8oz) of heroin out of Thailand (Neil Kelly writes). John Sinclair Western, aged 27, a resident of Melbourne, had pleaded guilty to the charge.

The criminal court judgment said he would have been sentenced to life imprisonment but for the guilty plea. An Australian woman convicted with him for the same offence was jailed for 25 years.

Mr Western said the sentence was "totally ridiculous" but he would not appeal.

## Bomb injures hotel owner

Munich — A West German reported to have helped to smuggle hundreds of East Germans to the West has been seriously injured in a bomb explosion at his Bavarian hotel.

Herr Kai Kierendorff, aged 36, and his wife Antje were injured when a letter bomb wrecked the reception area and an office at the Marienhof Hotel in Bad Tölz, south of here.

## Editor jailed for 27 years

Ankara — The Istanbul martial law court has sentenced Hacı Ali Özer, editor-in-chief of the left-wing magazine *Emegin Birliği* (Union of Labour), to 27 years in jail, court sources said.

Mr Özer was accused of issuing communist propaganda, praise for communism and Kurdish propaganda, and of weakening national feelings.

## Curse fails to impress judge

San Francisco — A judge has ruled that a police lieutenant was not struck down by Ostron, the Egyptian god of the dead, while guarding treasures from the tomb of Tutankhamun.

Lieutenant George La Bresh, aged 36, suffered a stroke during the Tutankhamun exhibition in 1979. He died, unsuccessfully, for £80,700 lost in wages while recovering by arguing that there was a link between his illness and the curse.

## Lévesque decides not to resign

Ottawa — Buoyed by a party plebiscite which backed his moderate approach to Quebec independence, Mr René Lévesque, Premier of the province, has withdrawn his threat to resign as head of the ruling Parti Québécois (John Best writes).

## Locking-up time

Madrid — More than 350 Spanish prison warders have locked themselves in jails throughout the country to protest against working conditions, a prisons spokesman said.

## Swiss propose suspension of Madrid talks

From Richard Wigg, Madrid, Feb 10

Switzerland suggested today that the European Security Review Conference here should be a adjourned for several months. This was the Swiss response to the refusal yesterday by the Polish chairman to allow the 13 heads of delegation, most of them foreign ministers, to address the conference on human rights in Poland.

Mr Pierre Aubert, the Swiss Foreign Minister, said adjournment was the only reasonable way to seek to preserve for the future at least what had been achieved in the past through the Helsinki process. "The sole alternative to détente is a return to the Cold War", he warned the delegates from 35 nations.

Switzerland has yet to take soundings among the seven neutral and non-aligned countries, with which it often acts, before proceeding to table formally a suspension motion, either Friday or, more probably, early next week.

A member of the Swiss delegation emphasized that what happens on Friday would decide when exactly they tabled their motion. He emphasized the Swiss desire to ensure that everyone who wanted to speak on Poland, and at present they number over 20, should be given the opportunity to do so.

Lord Cockfield, the Foreign Secretary, is due to speak on Friday, but so far there is no agreed list of speakers.

Western delegations are worried that, although Portugal replaces Poland in the chair on Friday, communist countries might again seek to disrupt the proceedings by a succession of points of order, which take precedence.

Mr Aubert was one of three foreign ministers who today made speeches that they wished to be heard on Friday, but in the highly unusual setting of an informal meeting of heads of delegation.

At this meeting, the Soviet Union and East Germany indicated that they wished to get down to the original conference business, giving no sign of wishing for an early suspension.

Mr Alexander Haig, the United States Secretary of

State, who was one of the nine who did manage to address the conference yesterday, praised the Nato countries today for their united stand here over Poland. Speaking at a press conference before leaving for Portugal, he rejected any possibility of the present Madrid meeting discussing anything but Poland.

When tackled whether the Nato countries' unity extended to the Siberian gas pipeline project, Mr Haig said Washington had not given up hope that Britain, West Germany, France and Italy would either scale down or cancel the project.

Mr Max Kampelman, the permanent head of the United States delegation, today charged the Soviet Union with "assaulting the very fabric" of the European Security Conference, by preventing other delegations from speaking on whatever subjects they wished.

He accused Moscow of responsibility for yesterday's "outlandish behaviour" by the Polish Deputy Foreign Minister, who was chairing the meeting. It was, the American said, a "brazen flaunting of power in the face of reason".

Mr Kampelman drew attention to the case of Professor Bronislaw Geremek, a Polish medieval historian associated with Solidarity, and imprisoned for his role in the December 13. He challenged the Polish authorities to release him in order to dispel the scepticism felt, he said, in the West, over Warsaw's claims that conditions were improving.

□ Lisbon: Mr Haig arrived today for a 24-hour visit with news of a \$150m (£75m) bonus for one of America's most faithful European allies (Reuters reports).

Mr Haig announced that the United States had decided to increase Staircase credits to Portugal to \$350m in the 1982 fiscal year, from the \$200m originally earmarked.

The decision was regarded here as a good-will gesture to the first of America's Nato allies that had decided to get down to the original conference business, giving no sign of wishing for an early suspension.

Mr Alexander Haig, the United States Secretary of

## Boeing crash runway to be made safer

From Nicholas Hirst, Washington, Feb 10

Washington's National Airport is planning an extension to the safety area at the end of the runway from which the Air Florida Boeing 767 took off and crashed with the loss of 78 lives last month.

The grassed area at the north end of the runway for aborted take-offs or overruns on landing is to be lengthened by 500ft to 750ft and the southern safety area is to be doubled to 1,000ft.

National Airport has been the subject of considerable criticism because of its relatively short runway — just under 7,000ft compared with 10,000ft at the more modern Washington international airport at Dulles — and its proximity to the town centre.

## ENGLISH LEAD IN CHESS

By Harry Golombek Chess Correspondent

The English players are making excellent progress in the West European zonal chess tournament that started at Marbella, Spain, on Monday. The players in Group 3 are doing particularly well.

Jonathan Mestel, the international master, having won his adjourned game from round 1 against Meulders (Belgium), defeated the Dutch master Van der Sterren, in the second round on Tuesday.

Since Mark Hebden beat the Spanish master Rivas in this round, the two English players are in the lead with two points out of two.

In Group A the two English players, John Nunn and Nigel Short — met each other in round 2 and drew.

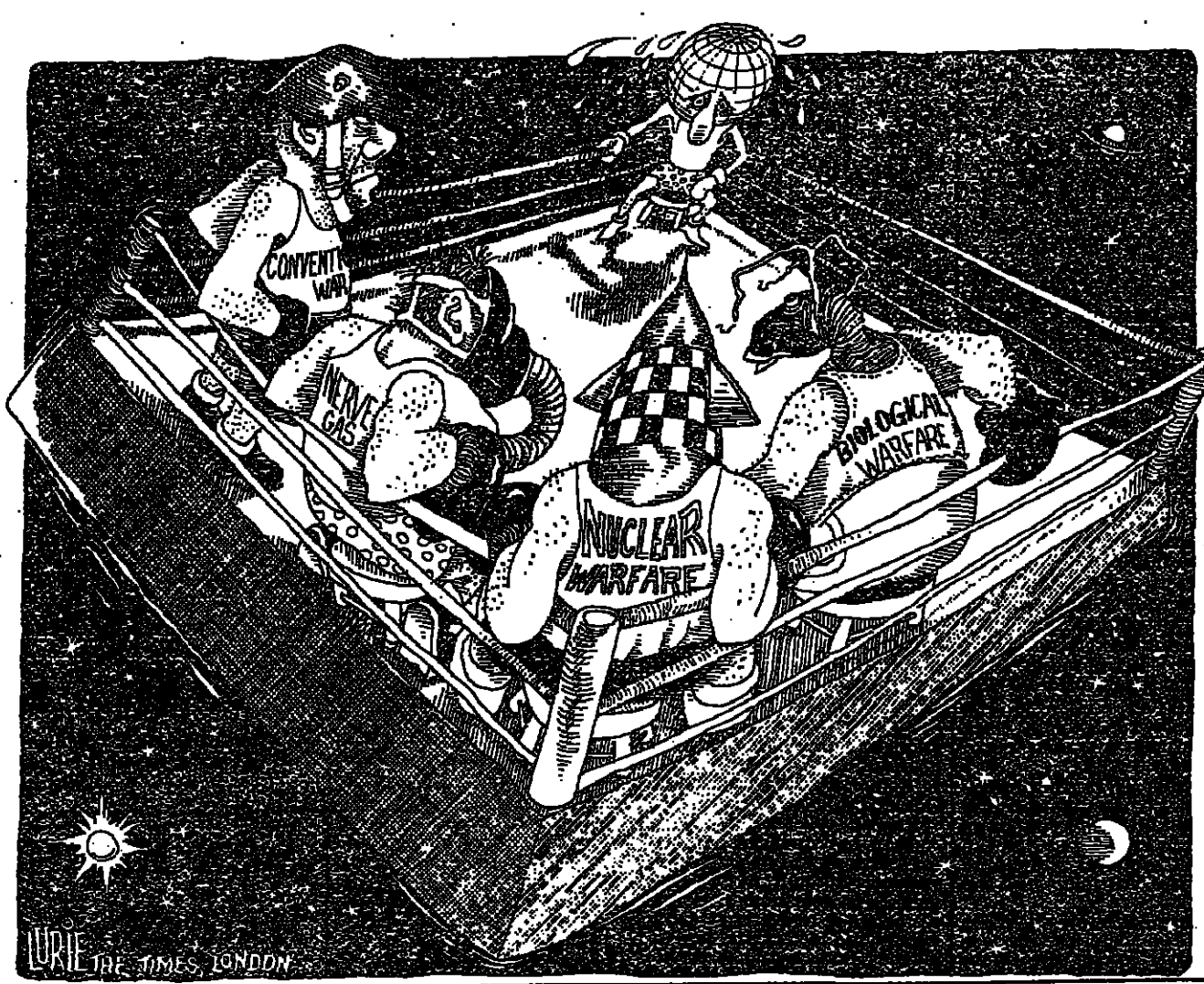
Other results in this group: Ljubojević (Yugoslavia) 1, Langeweg (Netherlands) 0; Dörmann (Germany) 1, van der Wiel (Netherlands) 0; Gallego (Spain) 1, Michal (Scotland) 0; Fernandez (Spain) 1, Gomez (Andorra) 0; Sotgiu (France) 1, Sotgiu (France) 0.

In this group the Dutch master van der Sterren lost with Fernandez of Spain, with two points each.

MEP OPTS OUT OF CONTEST

Mr John Mark Taylor, Conservative MEP for the East Midlands, yesterday withdrew from the contest for leadership of the European Democratic (Conservative) group in the European Parliament (George Clark writes).

The candidates remain in the contest to be completed in London today: Sir James Scott-Hopkins, who has been leader since June 1979; Sir Henry Plush, MEP for the Cotswolds and former president of the National Farmers' Union; and Sir Fred Cathwood, MEP for Cambridge-shire.



## US press bias alleged

## Clash over Salvador reports

From Michael Hamlyn, New York, Feb 10

Warnings are beginning to be sounded in the United States about the nature of press coverage from El Salvador. The newspaper readers and television viewers here are being treated to large swathes of news and comment from the Central American country where a right-wing Government is confronted by a large and well organized left-wing guerrilla force.

The complaint being voiced is that greater credence is being given to communist propaganda than to American Government spokesmen, that guerrilla fighters are being treated with all the romantic liberalism that revolutionaries often generate in American journalists. The similarity with what happened in Vietnam is being pointed out by both sides of this discussion.

American reporters are affected by "political bias, ideology, poor sources and deliberate misinformation" according to Mr Bruce McCollum of Freedom House, a conservative think-tank and publishing house. He asks why there was almost no reporting of long press conferences with a former guerrilla commander and two captured Nicaraguan pilots that revealed Cuban and Nicaraguan support of the guerrillas.

In a Freedom House publication, Mr McCollum notes that when El Salvador appeared likely to turn into another Vietnam, a host of journalistic adventurers descended on the place.

"Noticeably missing, especially among the television press", he says, "were people who spoke Spanish, had experience in Central or Latin America, knew anything about El Salvador's history or had battle experience."

The Wall Street Journal, which keeps a conservative eye on such things, today gives the liberal giant, The New York Times, a thorough roasting on the subject. It takes as an example the visit by The New York Times correspondent Raymond Bonner, to guerrilla-held territory reported on January 27 when he described a massacre which had taken place in which hundreds of villagers had been killed.

Mr Thomas Enders, the Assistant Secretary of State for Inter-American Affairs, later denied the reports. There had been a military operation in the area but no systematic killing of civilians, he said. In any case, the village where 925 civilians were allegedly to have been killed had only a population of 300 before the attack.

Mr Bonner declared in his article that the massacre had taken place, and The New York Times closed ranks behind him by attacking his critics.

The Wall Street Journal says: "A 'news analysis' charged the Government of confusing by questioning press reports without presenting detailed evidence to support its position." The analysis posed the

question of "how American diplomats gather information abroad," but not the same question about American reporters.

Further, Times columnist Sydney H. Schanberg launched a personal attack on Mr Enders. In a column entitled "The can-do bombardier," Mr Schanberg pointed out that the Assistant Secretary had been a briefing officer in the Phnom Penh Embassy in 1973. Mr Schanberg suggested Mr Enders was not to be believed then about American bombing in Cambodia. The unstated implication was that Mr Enders is lying about El Salvador today.

The Wall Street Journal adds fuel to the controversy by drawing on Mr Schanberg's own experience as a correspondent in Phnom Penh when he won a well deserved Pulitzer Prize for staying behind as it fell and sending graphic series of dispatches describing the Khmer Rouge butchery.

But this, the journal points out, came as a surprise to Mr Schanberg.

It quoted him as writing the month before: "Unlike Administration officials in Washington and embassy officials here, the Cambodians do not talk much about barbarism or bloodbaths. The average peasant is achingly weary by the war."

It added: "If Mr Schanberg had been less preoccupied with Washington's credibility, he and the rest of us might have learnt earlier of the tragedy that was to ensue."

Europe told to unite on weapons

By Henry Stanhope Defence Correspondent

The West European allies were warned yesterday that they must pool their resources when ordering future generations of weapons. They might no longer be able to afford the most modern, advanced equipment "tailor-made" for their own troops.

The warning came from Mr Douglas Hurd, Minister of State at the Foreign Office, addressing an international conference held by the Western European Union in London.

"We may have in future to forego the last few percentage points that often contribute such a disproportionate share of the cost of a project, although scope for this kind of saving may be limited because of the need to counter the growing technological sophistication of Warsaw Pact equipment," he said.

There was a need to preserve an independent European capability in aeronautics. But the aim should not be to exclude the United States.

Collaboration between allies should be based on the whole Western alliance. Even so, Europe did not want to be swamped by American industry, which could all too easily happen if European effort were uncoordinated.

"We need a strong European industrial base precisely in order to be able to enter into collaboration with the United States on an equal footing."

Mr Fred Mulley, former Defence Secretary, told the audience of politicians, military men and industrialists that it was often better to opt for quantity rather than quality. It was often better to run on almost every kind of fuel, from "diesel to whisky". The result, however, was to destroy a tank which was otherwise the best in the world.

## Ali Baba's caverns laid open

From Our Own Correspondent Paris, Feb 10

Mr Jean Zeigler, a Socialist member of Parliament in Bernese who criticises Swiss banks and society have made him a controversial figure, claims that 650,000 French citizens have deposited the equivalent of the French budget in the Swiss banks.

He told a Monte Carlo radio interviewer that deposits were worth 500,000 francs (£45,000m) Mr Zeigler is to be heard as a witness on this subject at a closed hearing soon of the finance commission of the National Assembly.

The Swiss banking system, according to Mr Zeigler, is "nothing more than a machine to launder dirty money, to receive illegal funds, and to reinvest them in multinational empires". He said: "Big capitalists transfer every week to Switzerland billions and billions of new francs, with the obvious complicity of the big Swiss banking establishments."

Such transfers were "a crime and a sabotage", because they violated tax laws and currency regulations though obviously not Swiss ones. "Switzerland", he insisted, "does not want to know it, and does not wish to acknowledge that there is a duty of judicial cooperation with France" and its new Socialist Government.

The figure of French money in Swiss banks, according to experts, greatly exaggerated. Movements on the exchanges do not support Mr Zeigler's claim. Nor does he take into account the substantial inflow of capital from Switzerland into France, even after the May election.

He also fails to point out that there are no anonymous bank accounts in Switzerland. Depositors have to give their names to the banks of their choice, unlike in Austria, where accounts are strictly anonymous.

The banking secret can be lifted in the event of penal offences for which Swiss law provides for extradition. Swiss banks have also subscribed to a covenant that they will not solicit funds from French citizens. A Swiss banker was in trouble with the French legal authorities recently for doing just that.

France's Socialist Government has made no official representations to Switzerland about banking practices. When the Swiss Foreign Minister came to Paris in November, the subject was not mentioned.

Meanwhile, the strikers have decided to continue the occupation of the plant to obtain their 39-hour week. Before the Government issued its decree they worked 38½ hours and were paid for 40 hours.

Tomorrow, M. Mauroy, the Prime Minister, is meeting representatives of employers and unions to try to put some order into the imbroglio over the reduction of the working week. By trying to raise time and bypass Parliament the Government has brought no end of trouble upon itself and risked reviving the class war.

The firm's executives are unrepentant. M. Bernard Aubert, its secretary-general, described the raid as a "scandalous" operation. "I entered my plant to take what belongs to me," M. Lousteau said: "I acted privately in order to help out my old Army comrade." His security firm had not been involved and he would not charge for the operation.

Leading article, page 17

EEC's 700-gram report overstrains computer

From Ian Murray, Brussels, Feb 10

When the history of the European Communities comes to be written, the 340 accredited journalists at 163 press briefings and 44 press conferences, it is also a record of the 350 information memos and 280 background notes.

Turning that output into the Community languages meant the "the largest interpreting service in the world" had to work about 75,000 "interpreter days." Apart from simultaneous translation, a total of 632,422 pages had to be reproduced in other community languages.

The 14 European Commission members met 45 times in 79 sessions and in the course of their business adopted 6,044 various regulations, recommendations and opinions. They approved 651 proposals or drafts for council acts and 181 communications and reports.

The Council of Ministers met 63 times during which time it adopted 414 regulations, 150 decisions and 45 directives.



## What are they playing at?

This week The Times Educational Supplement lifts the curtain on the private life of the modern teenager. How rich are they? What do they spend their money on? What do they read? Who do they dream about? Who are their heroes? What do they wear and why? Do the media understand them? What fuels the pop fan machine? Catch up with the new youth culture in this week's Times Educational Supplement.

THE TIMES Educational Supplement

On sale at your newsagent every week, 45p



## Authorities act to stop fresh Gdansk unrest

From Roger Boyes, Gdansk, Feb 10

Officials in Gdansk seem to be extremely worried about the prospect of future unrest in the port. February 13, two months after the imposition of martial law, is a likely date for fresh protests.

A demonstration on January 13 was clearly much more serious than has previously been revealed. City and party officials said that a militia had been set on fire, and petrol bombs had been thrown into the library of the Communist Party organization.

The officials are sticking to the original figure of about 205 arrests and 14 injured, though unofficial sources have put the number of those injured much higher.

Of those arrested, 55 were subsequently arrested, 43 fined, 16 tried but acquitted and seven referred to different courts, the officials said. Most of those released were freed because they were minors.

There is now considerable anxiety that the protest — involving the laying of wreaths at a memorial commemorating the shooting of protesting workers in December, 1970 — will be repeated not just on February 13 but every month on the date of the proclamation of martial law.

As a result, martial law restrictions are particularly tough in the port. It is forbidden to be on the streets after 8 pm, and no one is allowed to drive private cars. Telephones have been cut off again after being briefly restored.

The military presence in the town is obtrusive with many more random checks

## Romanian food prices rise by 35%

From Dossa Trevisan, Belgrade, Feb 10

Romania announced last night that food prices will increase by an average of 35 per cent. Salaries will go up by 16 per cent, thus meeting half the rise in living costs.

The decision was taken by the Communist party central committee after the Government's failure to stimulate agricultural production by increasing the state price for deliveries by an average 25 per cent.

The price of bread, flour, sugar and other basic foods has not gone up in Romania for 30 years. Although it is not known when the increases will go into effect, Romanians have now been prepared for yet another blow to their already meagre living standards.

The country has been in a bad way for some time. President Ceausescu admitted last year that two decades of neglected agriculture had produced a serious social and economic imbalance.

He also acknowledged serious shortages of consumer goods, and even said that industrialization had been carried too far, and that this had been a main factor in the slowdown in agriculture.

Food supplies have been deteriorating for several years but the situation worsened considerably in the summer of 1980 and has not improved since. There have been shortages of meat, wine (which Romania exports) and even the national plum brandy, which has totally disappeared from the shops.

Long queues are commonplace. Bread has had to be rationed to prevent the peasants from buying it to feed to their pigs and poultry. Animal fodder is not available and there has been a mass slaughter of animals as a result.

Recently, a new programme designed to ease the serious supply situation was announced with great pomp in the Romanian national assembly. The programme provided for an increase in consumption and President Ceausescu, in launching it, said that the country had everything necessary to provide for the needs of the population.

Romania is heavily in debt to the West and must increase farm exports. This reduces the already meagre domestic supplies, especially now with many short term debts due.

Investment this year will be curbed and will concentrate on finishing projects already under way and opening a very small number of new ones.

The difficulties in economic dealings with the West (Romania's debt is the second highest in the Soviet bloc and is believed to exceed £8,500m) mean that Romania is forced to expand trade with the Comecon countries. Dependence on Soviet deliveries will be increased.

## Kabul swings firmly into Soviet orbit

Karzan Thapar reports from Kabul in the second of three articles on conditions in Afghanistan

In the two years since the Soviet Army marched into Afghanistan the country has been intricately tied into a new pattern of trade relations with the Soviet Union and its satellite socialist bloc.

Trade relations with most individuals Western partners have correspondingly suffered, but surprisingly the overall figures for exports (in value terms) to the West have risen, though imports from Europe and America are down.

Afghan Government statistics for the period March 1978 to March 1981 (the last full year before the occupation to the first complete year after it) show that the overall turnover has increased by 72 per cent, with exports 119 per cent up and imports 35 per cent greater in value terms. But the preponderance of this trade is now channelled to the socialist bloc, reversing Afghanistan's historic import-export relations with the West.

The Afghan Government's figures produced by the Central Statistics Office show that the share of exports to the so-called "barter area" (socialist bloc) rose from 88.8 per cent in March 1978 to 92.8 per cent in March 1981. Over the same period the share of imports from these countries rose from 40.1 per cent to 65.5 per cent.

## Afghanistan's changing trade

The shift in trade relations with the West is of identical proportions. The same statistics for the same three-year period point to a declining share of exports to the West from 61.8 per cent to 37.2 per cent, while imports from the West have fallen from a high point of 59.8 per cent to 34.4 per cent.

Of the socialist bloc, the Soviet Union is clearly Afghanistan's principal trade partner. The indicators show a tripling of exports to Russia with gas, the principal component (all of Afghanistan's gas is sold to Russia with the meters allegedly on the other side), quadrupling in value. Simultaneously, imports have increased by 239 per cent.

A similar although scaled-down version, appears to be the case with Czechoslovakia and Poland. The only communist country to suffer in trade terms is China. Exports to China are down by 95 per cent — but China is not part of the Soviet system.

It seems clear from government figures that the overall value of Afghan exports to the West has risen, even though they constitute a smaller share of total exports compared to three years ago. In the case of imports, both the value and the percentage share are down.

Only two Western states have benefited from the increase in Afghan exports.

They are Britain, with a rise of 71.9 per cent from March, 1978 to March, 1981, and West Germany with a leap of 129.3 per cent. It is the increase in exports to these countries which has not only compensated for the decline to the United States (-66 per cent) and Japan (-85 per cent), but still allowed the statistics to show an overall rise in exports to the West collectively.

On the import side those from America and Hongkong are up, though the overall picture of imports from the West shows a decline of 14 per cent. Imports from the United States have increased between 1978 and 1981 by 58 per cent and from Hongkong by 43 per cent. But imports from Britain are down by 52 per cent, from Germany by 23 per cent and from Japan by 5 per cent.

The interesting feature in trade relations with Afghanistan's traditional Asian partners (India, Pakistan and Iran) is that here government statistics appear to run counter to what the political logic of relations would suggest.

Unsurprisingly, both imports from and exports to Iran during the 1978-81 period are down. But imports from India have also suffered, in value terms by the reverse of the same 45 per cent that exports to India have risen. Clearly, the

disturbed land routes are not a sufficient explanation, since trade with India is now mainly by air. Also Afghan exports to Pakistan, which do by road, have increased by 23 per cent and imports from there have only dipped by a mere 11 per cent.

What these figures imply, assuming their veracity, is that Pakistan's political posture against Afghanistan has not so far affected its trade with that country while India's support for the Afghan regime has not been sufficient to mitigate an unfavourable trade balance.

Diplomats point out that the new trade patterns with their Soviet slant have admittedly increased the overall trade turnover, but diminished actual earned foreign exchange income. Because Soviet trade is in barter terms, the believed Afghan surplus of some £150m has not been paid but is to be expended against future imports from Russia. This has of course placed further constraints on trade ties.

With increasing quantities of gas being sold to Russia, the interlocking into the depths of the barter system is irreversibly worsening. Consequently, though Afghan exports to the West are likely to continue, its own markets have been, and will further be, lost to Western countries.

## NEWS IN SUMMARY

### Chicago cardinal to resign



New York.—Cardinal John Cody of Chicago, who is under Federal investigation, has announced his intention of resigning on December 24, his seventy-fifth birthday.

Head of the biggest Roman Catholic archdiocese in the country, he has a history of diabetes and heart trouble and left hospital only recently. He will submit his resignation to the Pope.

The United States Attorney's office has been investigating whether the cardinal diverted tax-exempt church funds to Mrs Helen Wilson, aged 74, a longstanding friend.

### Belfast men are charged in US

New York.—Five Belfast-born men arrested last Saturday as they crossed the border into the United States from Canada were charged with criminal violations of immigration laws. They will be held in a state penitentiary outside Buffalo, New York State, until the hearing next Tuesday.

Michael Weir, aged 36, and William Howell, aged 35, both residents of Northern Ireland, were charged with presenting passports belonging to other persons. Three Ulstermen resident in St Catharines, Ontario, were charged with trying to smuggle the other two into the United States. They are William O'Reilly, aged 29, James Kelly, aged 42, and William Gilroy, aged 36.

### Africa to have news agency

Kinshasa.—The Panafrikan News Agency (Pana) will start operations towards the end of this year, an official of the Zaire Press Agency said.

A United Nations communications commission last month approved the development and expansion of the agency at a cost of \$815,000. It will be based in Dakar with supply and distribution centres in Tripoli, Khartoum, Lusaka, Kinshasa and Lagos.

### Briton died in Tokyo fire

Tokyo.—Police said that a Briton who disappeared during a fire which swept a hotel here on Monday was among the 32 people who died in the blaze.

Mr Stephen Dicker, aged 24, from York, was identified by dental records.

Firemen said earlier they believed the fire in the New Japan hotel had started in Mr Dicker's room.

### Canada backs seal cull

Ottawa.—The Canadian Parliament endorsed the rights of seal-hunters to cull harp seals by increasing their annual quota from 170,000 to 186,000.

The unanimous decision directly countered moves by the European Parliament against the controversial culling. It said the annual harvest of harp seals was an important source of income to a northern Canada, earning more than \$6m last year.

### Contempt move in Congress

Washington.—A congressional subcommittee has voted to bring a motion picture, in contempt of Congress for failing to hand over requested documents concerning Canadian energy policy. By a 11-6 vote, a House of Representatives energy subcommittee decided to seek the formal sanction, which could result in Mr Watt being legally forced to hand over the documents after a trial on the House floor. The matter must now be taken up by the full energy committee.

## Soviet airline official to be tried for spying

From Our Correspondent, Jakarta, Feb 10

The Indonesian authorities have announced they will try an arrested official of Aeroflot, the Soviet airline, and an Indonesian Lieutenant-Colonel who are accused of espionage.

Major-General Norman Sasono, head of security in Jakarta, said Lieutenant-Colonel Sudharyanto was arrested after passing Government documents to an expelled Soviet diplomat, named as Colonel Egerov, in a Jakarta restaurant. Colonel Egerov was detained and given 24 hours to leave the country.

General Sasono said when Colonel Egerov left Jakarta international airport, on Saturday night, Mr Alexander Finenko of Aeroflot tried to leave on the same flight. He was arrested after a brief fight in which other Soviet Embassy officials tried to stop security police from serving the arrest.

This morning a crowd of protesters from a government youth group converged on the 13-storey Soviet Embassy in Jakarta chanting anti-Soviet slogans and waving banners reading: "Sever relationships with the Soviet Union", "Smash the KGB network" and "Aeroflot go to hell".

Five of the demonstrators were admitted to the embassy compound, while others clambered on the walls, singing the national anthem and shouting protests to a crowd of about 500.

After a meeting lasting an hour and a quarter with Mr Anatoly Khmelinskiy, senior Soviet diplomat, the delegation said they were not satisfied with his explanation that "Colonel Egerov was not a spy and that the incident was one of many in a worldwide Reagan scenario of inciting incidents".

## Heavy fighting expected in Cambodia

From David Watts, Bangkok, Feb 10

Strong reinforcements, the use of air power, and the installation of surface-to-air missiles on the Thai border seem to herald intensified fighting in Cambodia as the dry season approaches.

Vietnamese-led forces are already engaged in intermittent sweeping operations near the Thai border particularly close to the Khmer Rouge headquarters at Phnom Malai.

According to fresh assessments of the strength of the Vietnamese Army in Cambodia, Hanoi's commanders have deployed their men division for division in front of Khmer Rouge strongholds and appear to be bringing up two divisions from the south of the country to reinforce the seven already placed along the north-western arc from Aranyaprathet to the Lao border where the principal bases of the resistance movement are to be found. Although some Vietnamese divisions are no doubt under strength, they generally number between 7,000 and 9,000 men.

According to one Western source, the divisions being brought from the south are equipped with the multiple-rocket launchers. Soviet-made SAM 2 and SAM 6 surface-to-air missiles have been near the border for some time since the successful deployment of Thai air power during the incursion by the Vietnamese in June 1980.

The Royal Thai Air Force was successful in beating back the Vietnamese Army during that attack, which might have had a different outcome had the Air Force not been ready to intervene.

The Vietnamese Air Force, meanwhile, has taken a leaf out of the Americans' book with their first bombing missions against the Khmer Rouge supply bases in understood to have taken place for the first time last month when they suffered heavy losses at a key base near the Laotian border, where one of the leading commanders, Mr Son Sen, has his headquarters.

The aircraft used for the attacks are Antonov An 26 transports, stationed at the leading air base in the north-west at Siem Reap. There are about half-a-dozen An 26s stationed there. The aircraft are twin-engine with a swept-up tail and rear loading ramps. The bombs are loaded on to pallets in clusters of 500-pounds and ejected from the rear of the aircraft as it flies over the target in the same way as the Americans dropped highly-potent "daisy cutter" bombs from the rear of Hercules transports during the Vietnam war.

In the attack on Son Sen's headquarters, the Khmer Rouge, 801 division took such heavy casualties that its

place has been taken by the 920 division.

The base was an important one, not only for feeding supplies to Khmer Rouge units in north-east Cambodia, but to the resistance in Laos and the tribal resistance movements fighting the Vietnamese in the Central Highlands of Vietnam.

Military analysts believe that "something" may not develop for some time, may well depend on the success of efforts to weld together the Khmer opposition into a unified force.

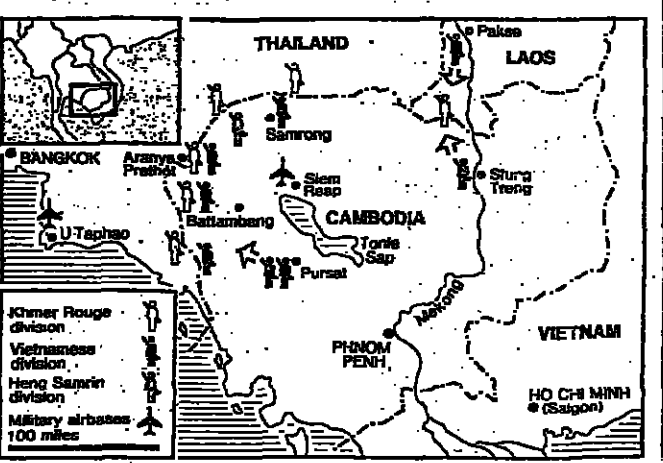
The Hanoi-supported Government of Cambodia has named Mr Chao Si as chairman of the Council of Ministers to replace Mr Pen Sovan, who was removed for "health reasons" last year.

The post is the closest

equivalent of a prime minister and Mr Si has been acting in it since the removal of Mr Sovan. Mr Sovan is thought to be under arrest in Hanoi, with perhaps one other leading Phnom Penh politician, for adopting a stance which was too pro-Soviet for the liking of the Phnom Penh authorities.

Mr Bou Thang, a member of the politbureau like Mr Si, has replaced him as deputy chairman of the council and Defence Minister. Both men have spent some years in Vietnam undergoing training.

The appointments were announced during the second session of the Cambodian National Assembly which has been meeting in Phnom Penh. The 170 members of the assembly were elected last May.



## Israeli debate on UN reveals Golan split

From Christopher Walker, Jerusalem, Feb 10

The Israeli Parliament today passed a motion demanding the United Nations recommendation of diplomatic and military isolation arising out of the annexation of the Golan Heights. The motion dismissed the resolution as malicious and without moral basis.

The registration of 42 abstentions by the opposition Labour Alignment indicated that, despite a comfortable government majority of 61 votes to three (all Communist), the country remains deeply divided over the Golan law.

The ruling coalition made overtures before the poorly attended two-day debate began to persuade the opposition to back its motion condemning the United Nations decision. These were rejected by Labour leaders, including Mr Abba Eban, the former Foreign Minister who described the Government's attitude as totalitarian and publicly criticized the annexation as having no benefit for Israel.

Mr Eban came in for bitter criticism today from government speakers who have been infuriated by Labour's stand. Dr Elishev Ben-Elissar, former Israeli Ambassador in Cairo, said in his maiden speech, winding up the debate, that there was no doubt that failing to condemn

the United Nations unanimously could only weaken Israel's position.

Mr Victor Shemtov, secretary-general of the left-wing Mapam Party, earlier accused the Begin Government of playing into the hands of Israel's enemies by passing their Golan law and thus giving them the opportunity they were seeking to initiate United Nations action.

Mr Yitzhak Shamir, the Foreign Minister, used the debate to reiterate forcibly Israel's determination never again to leave the Golan Heights, which were taken from Syria in 1967.

He said, in a sharp reference to the Opposition's stand, that although there was no doubt Israel was strong enough to weather any further action against its decision, it was open to question whether it could survive attempts to divide the nation from within.

Senior Israeli officials are confident that the United States and other Security Council members will block any further action against Israel at the United Nations such as a rejection of its credentials. If not, there have been strong hints from government sources that Israel would retaliate by withdrawing cooperation and vital facilities from the large United Nations peacekeeping operation in the Middle East.



Tennis tips: John McEnroe, the tennis star, explaining the finer points of holding a racket to Luciano Pavarotti during the making of a television programme about the tenor in New York.

## Costa Rica to shun extremists

From Paul Ellman, San Jose, Feb 10

The Crushing victory of Senior Luis Alberto Monge in this week's presidential election in Costa Rica is expected to produce a subtle shift of policy which will make it less easy for the United States to retain a Central American consensus behind Washington's two principal concerns in the region: El Salvador and Nicaragua.

Senior Monge, a rotund 59-year-old who has devoted most of his adult life to building his National Liberation Party, scored the biggest presidential victory in Costa Rica for 20 years.

Significantly, in one of his earliest statements after the election, he expressed the hope that the United States would not concentrate on providing military aid to El Salvador and ignore the economic and social problems afflicting the nations of Central America.

Senior Monge is expected to put some political and diplomatic distance between Costa Rica and the Salvadorean junta which is headed by President Jose Napoleon Duarte.

This would be a strong contrast with the policies of his predecessor, President Rodrigo Carazo, one of whose last acts was to link Costa Rica to El Salvador and Honduras in a "democratic community of Central America".

The creation of this body last month surprised diplomats in the region and prompted accusations from Nicaragua that it was the prelude to and American backed military alliance.

Although the diplomats and political figures in San Jose feel that the Carazo community will have little relevance once Senior Monge formally takes office, an event planned for May 8, they do not expect him to sever ties with Senior Duarte's junta.

It is noted here that Senior Monge stood almost alone against the other member parties of the Socialist International, the world grouping of socialist democratic parties, in refusing to denounce the elections scheduled for March 28 in El Salvador.

However, he has also let it be known that he abhors the continuing excesses committed against civilians by the Salvadorean military and has indicated that he would be happier with a more distant relationship between Senior Duarte's Christian Democrats and the army.

The National Liberation Party is certain of having an absolute majority in Costa Rica's parliament, the electoral court reported, after 94 per cent of the votes from Sunday's general elections had been determined.

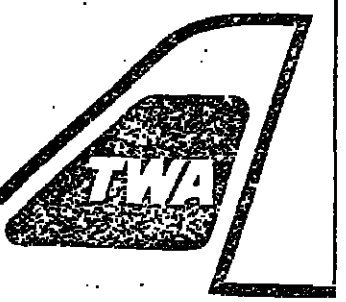
The party won about 55 per cent of the congressional vote, with 30 per cent going to the Christian Democrats. The former would have an estimated 33 seats to the latter's 18 seats in the 57-seat parliament. — AFP.

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Britain's offshore funds, it is claimed, offer an unrivalled combination of assets: political stability, tax efficiency, flexibility and immediate access to the City's unique management skills. How valid are these claims and what are their implications for the investor?

# Offshore investment

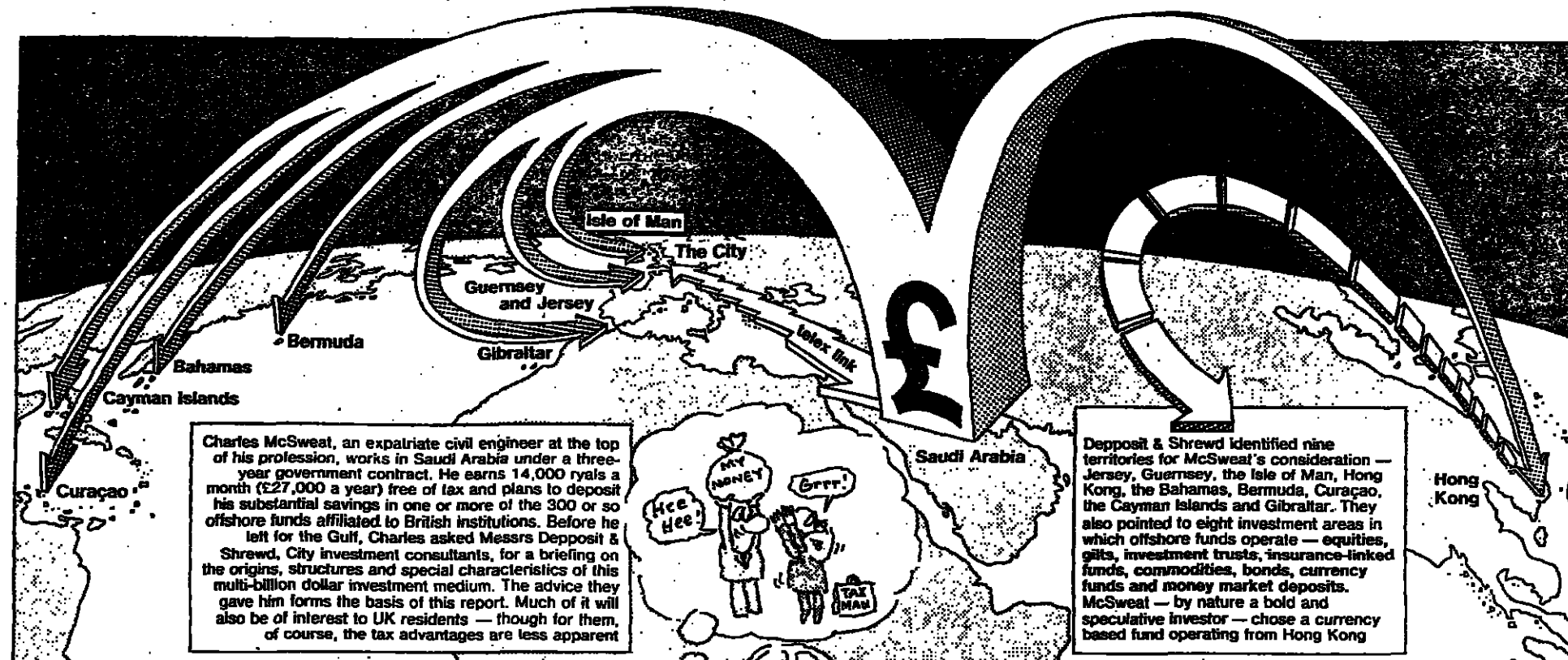
During the past two decades three factors combined to create the conditions for the development of the UK offshore investment industry. One was the significant increase in the number of expatriate Britons earning largely tax-free salaries abroad. Having no UK tax liability and no wish to attract any they deposited their considerable savings in locations with low or nil tax systems like the Channel Islands, Hongkong, the Isle of Man and Bermuda.

The other two factors were the UK exchange control regulations: their existence and then their suspension in 1979. While the exchange controls continued, the buyers of shares in foreign companies paid a premium over the prevailing exchange rate. Although the premium was returned to them when they sold, they were then required to surrender part of it to the Bank of England. That penalty forced many UK holders of large investment portfolios, including some of the major pension funds, to seek a location in which their investments could be managed without interference.

The transfer of such, often very large, holdings mainly to those existing locations which had already established sound reputations as careful custodians of the expatriate funds placed with them, was effected usually by one of two methods: those investments which had already incurred the currency premium had paid the price and were free to go; in other cases it was necessary to open funds in the new location in exchange for sterling deposits in London but the cost of such back-to-back loans was high.

When the UK exchange controls were suspended in October 1979, the banking and investment infrastructure in those overseas locations was ready to receive the immediate flow of sterling deposits and investments which has been maintained ever since.

Although the locations selected for the management of these UK funds, which now total several billions in sterling, have been called "tax havens", the implication of tax avoidance, though itself a perfectly legal stratagem, was always inappropriate so far as concerned the great bulk of expatriates' holdings: there is no avoidance where there is no tax.



In any case, such tax loopholes as formerly existed have now mostly been sealed off by the UK and US authorities. The alternative terminology of "offshore" is generally conceded to be both inaccurate and misleading, but it is now in such wide international usage as to be acceptable or, at least, unavoidable.

## Selection is by traditional links

The selection of the offshore fund locations has been determined partly by the traditional links of individual banking and investment houses and also by such factors as political stability, language, communications, commercial and legal systems, banking practices and by geographical proximity. Switzerland and Luxembourg, with their well-developed banking traditions and comprehensive regulations, are prominent offshore territories; Bermuda, too,

is an important offshore location, mainly for American investment houses, and Curacao, in the Netherlands Antilles, the Cayman Islands, Gibraltar and the Bahamas also accommodate some offshore funds.

By far the most important offshore locations for the funds with British affiliations are Jersey, Guernsey, Hongkong and the Isle of Man. There are some also in Bermuda but fears of incipient colour and political problems there seem likely to inhibit much future expansion.

Although the management of offshore funds is carried out locally, most of those in the Channel Islands, Hongkong and the Isle of Man are affiliated to merchant banks, unit trust groups and other investment houses in the City of London. These institutions act in a strictly advisory role, but it is reasonable to say that some of the best brains in the City are now engaged in this field. There is little doubt that the association of such reputable houses with the



resident management companies has done much to elevate both the investment capacity of the territories and the offshore concept generally. While the funds remain attractive as a tax-efficient investment for expatriates, there are advantages, too, for UK residents. One is that, unlike conventional UK

unit trusts which are authorised, and therefore controlled, by the Department of Trade, offshore funds are not authorised and they therefore enjoy a much greater degree of flexibility.

income which an investor has "power to enjoy", even if it is not received. The UK investor, therefore, is likely to have little tax advantage in offshore funds and although the income from the funds invested in bonds is usually distributed gross, it is still liable to tax in the UK. It follows that the main attraction of offshore funds for UK residents is in their scope and flexibility as well as in the status of the resident management companies and their associates. One investment sector which illustrates the freedom enjoyed by offshore funds is commodities. Authorized unit trusts are not allowed to invest directly in commodities, though they do invest in the shares of commodity companies. An offshore fund, however, can invest directly and there are now funds with investments in gold, copper, silver, platinum, sapphires and many other commodities dealt in on the international markets. There are

Depposit & Shrewd identified nine territories for McSweat's consideration — Jersey, Guernsey, the Isle of Man, Hong Kong, the Bahamas, Bermuda, Curacao, the Cayman Islands and Gibraltar. They also pointed to eight investment areas in which offshore funds operate — equities, gilts, investment trusts, insurance-linked funds, commodities, bonds, currency funds and money market deposits. McSweat — by nature a bold and speculative investor — chose a currency based fund operating from Hong Kong

Like some currency funds, the offshore deposit funds enable investors to reduce their tax liability by turning income into capital appreciation. Investments are made in the shares of a company holding money market deposits, and the value is reflected in the price of the company's shares. These types of offshore fund exemplify the flexibility and the capacity for innovation of the management companies and their advisory associates. But one of the most pressing questions now hanging over the future growth of all offshore funds is whether UK exchange controls will be revised by the present government or its successor.

The general feeling in the City, as well as in the offshore locations, is that the impetus given by the suspension of exchange controls is unlikely to disappear even if current fears are justified. Obviously, one can only guess at the severity and scope of any future controls that might be introduced. But experience shows that if a price must be paid to invest offshore, there are likely to be many prepared to pay it. In the meantime, investors might reasonably expect that their existing offshore holdings will be valued at a premium if exchange controls are restored.

also commodity funds which use all the investment opportunities from the annual commodity to shares in producing companies.

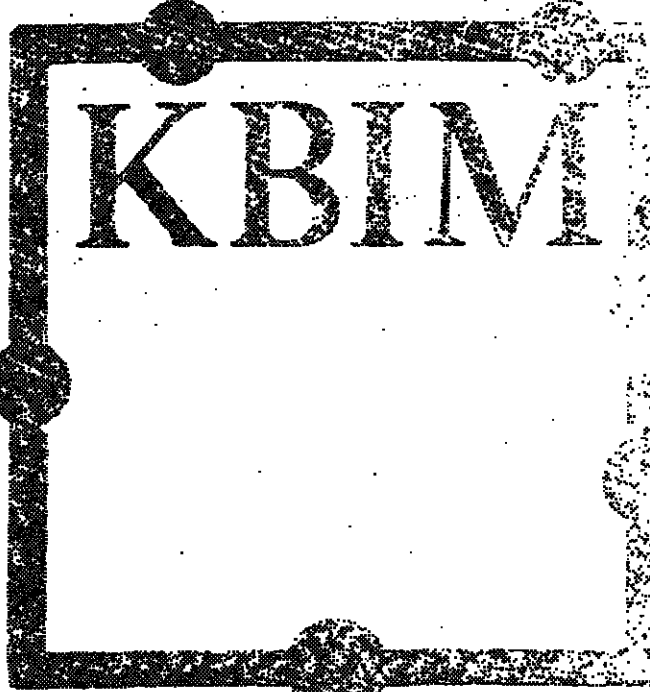
The biggest recent development, however, has been seen in the growth of money funds. These can be either managed currency funds or those concentrating on money market deposits. Both types have grown impressively since the suspension of UK exchange controls.

## Currency funds try for growth

Currency funds specialize in taking advantage of exchange fluctuations in the main currencies and aim to produce both growth and income. So far they have not been in business long enough to provide much evidence of performance but (as Lorna Bourke points out elsewhere in this report) the signs are encouraging.

Alan Grainge

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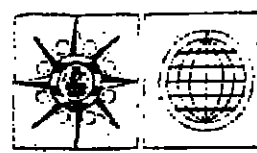
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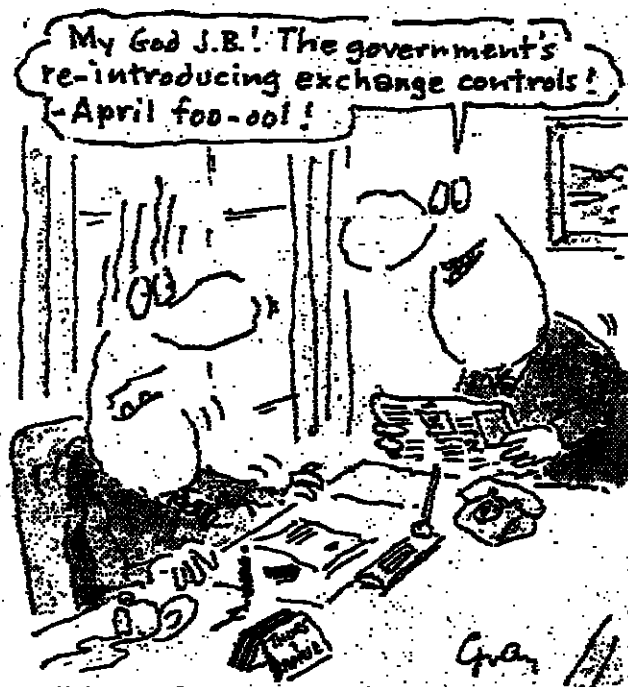
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## OFFSHORE INVESTMENT

### John Whitmore examines prospects for the reimposition of exchange controls and their potential effect on the market; Alan Grainge covers the range of investment possibilities and offers advice on how to select sectors and locations.



## Mixed blessing of abolition

The benefits to offshore funds of the sudden and comprehensive abolition of UK exchange controls in October 1979 have been mixed. Some management groups have seen only a modest increase in interest from UK residents, but others report a substantial increase.

By and large, the groups that have done best are those with a broad range of funds under management, particularly those with the kind of funds unavailable on-shore. To some extent, the interest of UK residents in these funds is primarily a bonus. The funds were set up largely to serve Britons who had moved abroad, whether permanently for tax or climatic reasons, or temporarily as their jobs waited them to every corner of the globe, and this remains the hard core of the business.

For the UK resident the attractions of going offshore may often seem marginal. Income, whether or not remitted, still has to be declared and is fully taxable. And the advantages obtainable by the non-resident. If the fund is invested in UK securities that pay dividends gross — certain types of gilt-edged stock, for instance — then the dividend goes offshore in gross form and can be passed back to the UK investor in gross form.

This is probably of most advantage to nil rate taxpayers and higher rate taxpayers. The latter enjoy the use of the funds until the tax bill eventually falls due — a facility which the offshore funds are not allowed to advertise on-shore. The bigger attraction of the offshore funds, however, is more often their ability to offer investment vehicles that are not available on-shore. Offshore funds can, for instance, invest directly in commodities, money market instruments and currencies in a way that authorized unit trusts subject to Department of Trade regulation cannot. In addition, some can introduce an element of gearing in a way that the onshore trust is not permitted.

Although sterling has fallen back from its early 1980 peak on foreign exchange markets, the arguments are no less valid. The major fear is that attitudes might be different if the Conservatives lose the next election.

There is, as yet, no indication of where the SDP stands on exchange controls. Certainly there would be a strong temptation for Labour Government to reintroduce them, on the grounds that UK money should go into UK investment.

At the same time its probable inclination in favour of a low exchange rate might well force it to think twice, the more so if it was also considering selective import controls and realising that slashing domestic interest rates (helping to keep the exchange rate down) might actually prove disastrous.

How offshore fund managers could react to a reintroduction of exchange controls is constantly exercising their minds. They might simply let things be, accept the resurrection of the dollar premium and take the feeder funds back off the shelf. Some funds based in the scheduled territories would probably start looking at more sophisticated schemes to live down their assets to subsidiaries based in rather safer havens.

J. W.

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## Questions that have to be asked

Investors looking at the potentialities of offshore funds will need to ask themselves, and perhaps also the management company, rather more questions than if they were considering an authorised unit trust. That is not solely because of the absence of a Department of Trade authorisation, the status of the associated City banking or investment house can usually be taken as an acceptable alternative to official authorisation for many of the funds.

But there will be questions to ask, for instance, about the location of the fund. Is it politically and economically stable? The economic question may not, in fact, be so difficult to answer because the competition between offshore territories is now so keen. All are anxious to develop the kind of economic and financial structure which will retain the funds already established and attract new funds. A key factor, however, will clearly be the geographical location.

The management company's performance record will be another question to be considered, especially from

the aspect of particular funds compared with other management funds in the same investment sectors. The currency of the fund will also be very relevant in the context of performance because there will be no satisfaction in a fund which gains, say, 50 per cent if the currency in which it is denominated depreciates by 50 per cent in relation to the investor's own base currency.

Two other questions to be asked are: What is the tax position of the fund and the investor in it? and: How quickly can the investment be liquidated?

The charges levied by offshore fund managers are also worthy of enquiry. In general, they are similar to those of authorised unit trusts but the range is wider and in some cases there are performance fees which can be between 10 and 20 per cent. A point which may be important is the annual charge. If sometimes happens that the quoted figure does not include certain items such as custodian, trustee or audit charges. Fees paid to external advisers may also be additional to the quoted

annual management charge. Although past performance is not necessarily a sound guide to future achievement, it can reasonably be considered to be a useful indicator of offshore management. Money Management, the publication specialising in such factors, shows that the Far East funds' performance over the last 12 months is easily superior to that of any other sector. The leading position is occupied by Henderson Baring's Malaysia & Singapore fund, launched in March 1980, in which 1,000 units after 12 months were valued at £1,865. Others to show considerable growth over 12 months were the Japan Technology Fund (£1,414), Henderson Japan (£1,255), JE Japan (£1,251) and Gartmore Japan (£1,244).

Another good performance sector over the past 12 months has been commodities. The outstanding funds here have been Sunstar Sapphire, managed by Richmond Life Assurance, and Normandy Commodity Trust, managed by Chewton Commodities, both located in the Isle of Man.

Quite apart from performance, however, the investor in offshore funds may find it worth looking at both the old established funds and the biggest. The three biggest funds invested in the UK, for instance, are Old Court, Smaller Companies, Save & Prosper Sterling Deposit and Hambro Capital Reserve. In the other sectors some of the biggest funds are: Bermuda International Bond, Fidelity World Fund, Delta Investment and Laser International.

One of the obvious characteristics of offshore funds is their capacity for innovation and that, too, is a factor which the investor should take into consideration. But whereas new funds can be expected to offer something unique, such as a combination of growth and income by the Drayton Montagu American Equity Income Trust, none of them, for obvious reasons, possesses a performance record which can be measured. Any new fund, therefore, inevitably requires a high degree of investors' faith in the management company.

A. G.

## A wide choice of foreign funds

The proliferation of offshore funds with British affiliation probably offers as much variety and opportunity as most investors are likely to seek. In relation to the size of the domestic investment, indeed, these UK funds are almost certainly bigger and more comprehensive than their counterparts linked to the other main financial centres.

One essential characteristic, however, of offshore investment management, as well as its location, is that it is supranational and some investors may reasonably wish to explore the opportunities offered by funds managed by, or affiliated to, foreign investment houses. Prominent among these are: Adig Investment of Munich; BIA Bond Investments (Zug, Switzerland); Bank of America International (Luxembourg); Capifrex (Geneva); Eurobond Holdings (Curacao); Investment Advisers (Houston, Texas); and The Korea Trust (Seoul).

In considering the very wide range on offer, it is necessary to understand that any fund can be considered to be offshore if it is not required to be authorised by the Department of Trade. In theory, this will include the American mutual funds and other foreign analogues of

the UK unit trust and, to the extent that they are investing in offshore locations, they will be regarded as an alternative to funds with British connections.

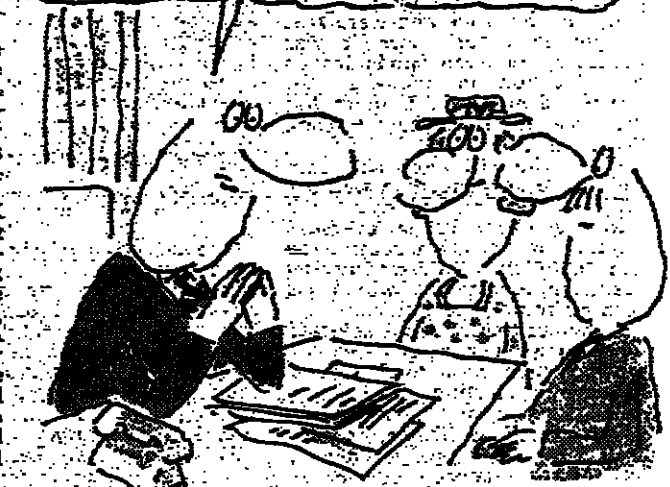
The American offshore funds located in Bermuda are now very extensive and many of them have demonstrated a characteristic flair for innovation which has attracted international investment funds.

A new development for UK investors is the management company which places clients' deposits in existing offshore funds. One of these is Mannin International, based in the Isle of Man. A similar scheme has recently been launched by the Unilever group which has created investment links with two successful offshore fund groups, GY Management and Henderson Baring.

But it is probably true to say that the private investor in offshore funds is seeking, both the challenge and the opportunities offered by markets of all kinds throughout the world. With no UK exchange control regulations to worry about, the intensification of competition between the investment management groups seems likely to ensure that such aims will be satisfied.

On the basis of recent

Are you after management finesse or do you want to make a few bob?



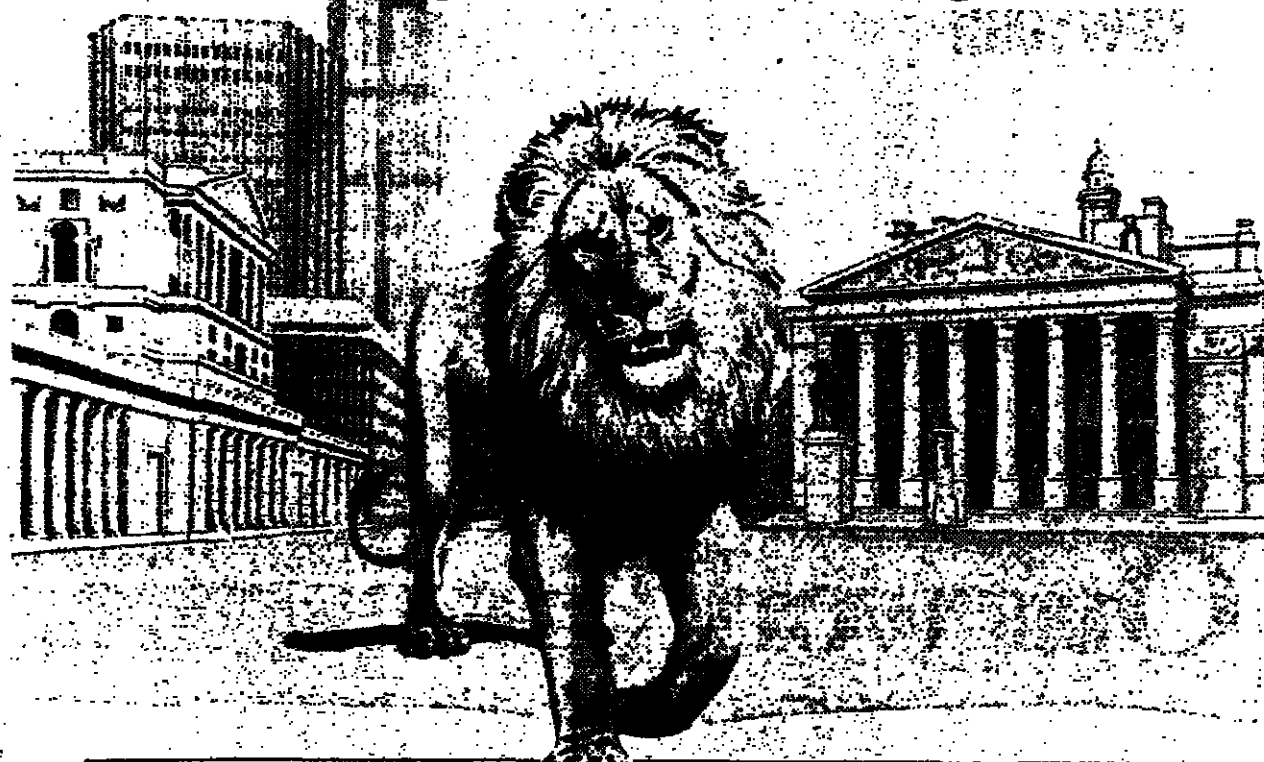
performance, however, the Far Eastern stock markets, reflecting the buoyant economies of the region, can be expected to flourish.

Investors seeking an offshore speciality in these markets may find that brokers operating in Singapore, Hongkong and Tokyo will be in a position to advise them. Whatever form of offshore investment an individual finally decides on, whether it

be associated with foreign or UK interests, it will be essentially a question of personal preference. The cautious investor will seek to minimise the exposure to currency fluctuations by choosing an international fund while a bold and speculative individual might choose a Hongkong fund with a chance of bigger profits but a risk, also, of bigger losses.

A. G.

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\* Source: January Money Management, Offshore Funds. \* Includes income distributed

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Focus on the Channel Isles: Alan Grainge visits the twin-engined power house of the offshore industry

## Much more than tourism and tomatoes

With neither a stock exchange nor a major airport between them, St Helier and St Peter Port, the two main towns of Jersey and Guernsey, can nevertheless claim to be centres of international finance. The islands were a decade of growth for banking and finance on both islands. But in this particular context it would be wrong to consider the Channel Islands as a whole, and not just because of the traditional rivalry. One reason which makes it necessary to consider the two islands separately is budgetary. Jersey's detailed report of the 1981 financial statement was published last December, but Guernsey's will not appear until next month. There is already plenty of evidence, however, to show how the finances of both islands have benefited from the development of banking and investment management.

In St Helier, Senator Ralph Vibert, whose office as president of the finance and economics committee makes him effectively Jersey's Chancellor of the Exchequer, speaks modestly of the £14m surplus he was able to report to the States in December.

"We are very fortunate to have two thriving industries in Jersey... tourism and finance," he says. "This year they should each contribute about 35 per cent to our tax revenue". In 1980, their respective contributions were 38 and 25 per cent, a clear indication of the increased importance of the finance sector.

The international nature of Jersey's development, both as a finance centre and commercially, is now the island's most significant recent trend apart from overall growth. New company registrations were 2,020 in 1979, 2,288 in 1980 and 1,844 in the first nine months of 1981. In these three periods, the new investment companies registered totalled 656, 801 and 538 respectively. But well over half of these were registered by residents outside the British Isles.

Commenting on this trend, Senator Vibert says: "I welcome the increase in foreign companies and international investors. It no way lessens our attachment to the UK but it makes us less dependent, and that must be beneficial to Jersey."

"Finance, after all, is essentially international; indeed, one of our advantages as a finance centre, apart from the obvious ones of political stability and communications, is that we are far better placed than America or the Far East for dealing in such markets as the Eurobond market. To some degree, of course, that is because our geographical position lies between the eastern and western time zones."

Jersey's policy, like that of Guernsey, is to control its commercial development and ensure that only reputable people and companies are

allowed to do business there. "We must be the only place in the world," says Senator Vibert, "to have a law designed to damp down business. That is our Regulation of Undertakings Law, which was introduced in 1974 when the population was rising too rapidly through immigration. In a small island there is always likely to be a conflict between the need to preserve the environment and economic expansion."

"After allowing for that, however, I do not think we have by any means reached our peak as a finance centre. That may possibly come within the next ten years or so."

Jersey's highly respected economic adviser, Mr Colin Powell, provides further evidence of the contribution made to the economy by finance sector activities. "In 1980 the deposit-taking institutions registered under the Depositors and Investors Law produced profits of around £30 million. With employment a little in excess of 1,000, the average tax yield per employee on those profits was just under £6,000 a year."

"The best performing institutions, however, produced tax on profits well in excess of £20,000 per employee."

Mr Powell also speaks with satisfaction of the international character of Jersey's recent development. "The growth in finance centre activities is partly reflected in the deposits of the banks. In June last year, they totalled £10,000 million, compared with £7,700 million in June, 1980. Of that total, some 70 per cent is in currencies other than sterling."

An additional indication of the international trend in Jersey was the establishment in 1981 of three more foreign banks in St Helier. These were the Swiss Handelsbank, the Bankers Trust (America) and the Allied Irish Bank.

"The continued growth of finance centre activities," says Mr Powell, "was helped by such external factors as the abolition of UK exchange control in 1979. But for the most part the decision of non-residents to use the island results from the increasing worldwide recognition of Jersey as a respectable finance centre."

Like others in St Helier, especially bankers already established there, Mr Powell emphasizes the strict control procedures employed. "Our policy has always been to go for first-class names. You will not find 400 banks here as you might in some other offshore locations. We have, in fact, 36 banks, and most are internationally renowned."

The controls apply also to immigration. This is now restricted to 250 working applicants a year, though the limit on millionaires allowed into Jersey is now down to only 15 a year.

But even if there are 15 wealthy people who can find

the minimum contribution of £10,000 a year in tax, that is not, Mr Powell points out, an automatic entry ticket.

In Guernsey the commercial relations adviser, Mr Bruce Riley, is equally concerned with the status of banks and other financial institutions wishing to establish a presence in St Peter Port. "We are looking in the main for blue-chip financial institutions," he says. "They must have a suitably impressive track record, but even so we vet them all them very strictly. One of our most important concerns is that they must all ensure that investors are provided with adequate information."

Profits from banking in Guernsey totalled £20.4m in 1981. Banking and finance contributed 40 per cent of the island's gross national product.

Though much the smaller of the two, Guernsey proudly claims to have the same number of banks and deposit-taking institutions as Jersey. This attracts unfavourable comments in St Helier about the difference standards employed, but Guernsey can certainly point to the presence of some banking names every bit as respected as those in Jersey.

One recent experience, however, is common to both islands. That is the removal of some finance company registrations to other offshore locations such as the Cayman Islands, Bermuda, Panama and Switzerland. Both the management and custody of the underlying investment are retained in the Channel Islands, but fears of a revival of United Kingdom exchange controls have caused the decision to move the constitution of these companies outside the British sphere of influence.



Senator Ralph Vibert, president, finance and economics committee, Jersey: a £14m surplus.

## Finance is not seasonal

The Channel Islands have a history of adaptability to change. In the past 200 years they have relied successively on cider, knitwear, shipbuilding, agriculture and horticulture for their revenue. Now the two main providers are tourism and finance. But while the tourists come and go the banker, investment analysts and portfolio managers stay: finance is not seasonal.

The authorities of both Jersey and Guernsey have set themselves high standards. In the genteel thoroughfares of the two capitals, St Helier and St Peter Port, the nameplates of distinguished City banking and investment houses place the matter beyond argument. Rothschild, Lazard, Hill Samuel, Hambro and others of the kind stand, discreetly displayed, alongside those of Britannia, Fidelity, Save & Prosper and Tyndall. Another City name recently added to the list is that of Schroder, which has just established five new funds in Guernsey.

Offshore fund management now represents a significant part of the investment activities of the Channel Islands companies associated with these houses. The funds offer a spread of investment opportunities which British unit trusts are unable to match and which for the British investor is their main attraction. Most of them report that about 80 per cent of their investors are from outside Britain. Yet, one prominent banker in St Helier explained: "There seems to be a psychological urge, which many British residents find irresistible, to select an offshore fund even though there is little tax saving for them, or indeed none. It is probably as much an expression of freedom as anything."

This is well illustrated by the successful Channel Islands funds specializing in gilt-edged stocks, among

which the Anchor and Arbuthnot funds are prominent. Holders of these stocks receive their interest without deduction of tax, and the funds therefore make their distributions of income tax-free to the investors.

For expatriates with no British tax liability that is clearly advantageous, but British investors are still liable to pay tax on such receipts. Even so, many see an advantage in the "tax holiday" they receive through not having to pay the tax for at least another 12 months.

Offshore funds managed in Jersey and Guernsey total £50, and the present value of

CHANNEL ISLAND OFFSHORE FUNDS (Jersey and Guernsey)

Gilt funds	25
International funds	22
United Kingdom equities	18
North American funds	14
Bond funds	14
Money market funds	12
Far Eastern funds	9
Commodity funds	5

Source: Investor Relations & Carey

their underlying investments is approaching £1,250,000m. In the British Equities sector, the third largest (see table attached) the biggest is the Old Court Smaller Companies Fund, an associate of N. M. Rothschild, with investments of £23,300,000. Two other Rothschild associates, Old Court Commodity Trust and Old Court Dollar Commodity Trust, dominate the commodity fund sector.

In the money market sector the sterling deposit funds of Lazard, Save & Prosper and Old Court are the largest. But for investors seeking the potential offered by industrial equity shares, the North American, Far Eastern and international sectors contain funds with the most interesting portfolios.

Among the North American funds the RBC Fund, a

subsidiary of the Royal Bank of Canada, has been the top performer over the past seven years, with about 80 per cent of its investments in American equities and the rest in Canadian shares. The two biggest funds in this sector are Fidelity, with investments valued at \$34m, and Kleinwort Benson United States Growth, with a fund valued at \$23m. Both are invested exclusively in American shares.

The Far Eastern funds contain some of the largest investment portfolios. In particular, there are the Fidelity Far East Fund, valued at \$114m, and Fidelity Pacific, with a portfolio of \$138m.

In the international sector Britannia Universal Growth, valued at \$11m, has been a good performer over a three-year term. Although its main objective is to invest in all the major stock markets, up to 25 per cent of the fund's assets may be invested in commodities. Biggest funds in this sector are Lazard, valued at \$92.5m, and Fidelity with \$53m invested.

Resident investment managers recognize that the international character of the Channel Islands finance centre is of special significance. The variety and size of the funds established there certainly reflect this aspect, which is confirmed by Mr Philip de Carteret, one of St Helier's leading stockbrokers.

"We have always tended to look at investment from an international viewpoint. That is because of the sophisticated kind of investors we have always had resident here. But we do not claim to be experts in all the stock markets throughout the world. If, for instance, a client wishes to invest in Japan then I would naturally recommend him to look at a Japanese fund. The same would equally apply to other regions."

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### OFFSHORE INVESTMENT

Lorna Bourke traces the rapid growth of investment in currencies. Michael Prest identifies the attractions and pitfalls of commodity funds.

## Playing the swings on world currency markets

The real success story of the past two years in terms of offshore investment has been the currency funds set up on the removal of exchange controls in October 1979. Fund managers wasted no time in establishing a range of offshore investment funds designed to cater for the British-based market, but were surprised to find that the newly liberated British investor was less than enthusiastic.

The only funds to take off were those which made straightforward investments in currencies. Rightly or wrongly, private investors felt they could understand currency fluctuations rather better than the intricacies of overseas stockmarkets.

Most of the currency funds, which have emerged over the past two years have been based in the Channel Islands and are run along the lines of unit trusts, although they are technically different animals. They come in two types: managed funds where the manager takes decisions on which currencies to hold in a mixed portfolio, and Old Court International Reserves, run by Rothschild Asset Management. This is the only fund which gives the investor a range of currencies from which to make a choice.

Rothschild's formula of letting the investor make his own mistakes has obvious appeal for both the fund manager (who is not obliged to take responsibility for decisions) and the investor.

Rothschild launched the Guernsey-based funds in July 1980 and since that time has taken in a massive £230m, invested in 11 currencies — American, Canadian and Singapore dollars, Swiss franc, lira, Deutschmark, guilder, French franc, Belgian franc and sterling. The greater proportion of these funds has been riding on the US dollar.

Investors make their own choice of currency and can switch between currencies at no charge. There is an overall management fee of 0.75 per cent a year — but no initial charge. Income is rolled up within the fund and no dividends are paid.



Investors with more than £100,000 can, however, opt for Rothschild's managed portfolio service where, for a fee, Rothschild makes the currency decisions, managing the portfolio on a discretionary basis. Rothschild is advising investors to stick with the traditionally hard currencies, Swiss franc, Deutschmark, US dollar and sterling.

Envious eyes have been cast in Rothschild's direction by others, including Mr Howard Flight who manages Guinness Mahon's currency fund. Flight was first off the mark with a managed fund, Guinness Mahon International Fund, based in

### Performance of Old Court International Reserves

	per cent
Canadian dollar	+50.2
US dollar	+48.8
Singapore dollar	+41.7
Swiss franc	+39.0
Lira	+24.3
Deutschmark	+23.7
Guilder	+22.4
French franc	+19.8
Belgian franc	+8.2

Guernsey and launched in 1980. But he is known to be working on a range of funds similar in concept to the Rothschild scheme.

Most of the currency funds, with the exception of Old Court International Reserves, follow the Guinness Mahon managed formula.

None has been as successful as Old Court, not least because they all levy a front end charge, while Rothschild makes none. The levy takes the form of a 5 per cent spread (in most cases) between "bid" and "offer" price of units. This means that if investors were to buy and sell on the same day there would automatically be a loss of 5 per cent of the initial investment.

Until relatively recently, Britannia was the only other fund to have no front-end load, but in November of last year a 5 per cent initial charge was introduced in line with other funds in the market. This acts as a fairly powerful deterrent to would-be investors and much of Rothschild's success is undoubtedly attributable to its lack of front-end load.

"We have a very flexible

approach and are not taking a very long-term view", comments Mr Stuart Goldsmith, investment director of Britannia. In early January Britannia's fund was 32 per cent invested in sterling, 23 per cent in the US dollar with a 20 per cent French franc holding. By the end of the month the proportions had changed significantly — 25 per cent sterling, 32 per cent US dollar and 26 per cent French franc.

Like Britannia, most of the managed currency funds are actively traded — fund managers feel they cannot afford to take long-term views and in some cases time horizons may well be days rather than weeks.

It is this volatility which has proved the lure for private investors. Anyone remotely interested in investment could not have failed to notice the 23 per cent appreciation in the US dollar during the first half of 1981.

However, Rothschild's approach of letting the investor make his own mistakes is undoubtedly the more successful of the two. There are few bouquets for the fund manager who not only gets it wrong — but also charges the client 5 per cent for the benefit of his advice.

"Our fund is very actively traded," says a spokesman for Vanbrugh, the Jersey-based unit-linked life subsidiary of the Pru. Launched in 1981, Vanbrugh now stands at £18.5m, having shown 18 per cent capital appreciation over the period and paid an interim dividend of 4 per cent last October.

Pure currency funds are rather thin on the ground but there is a wide choice of bond and cash funds on the market — many of which were set up to cater for the expatriate market.

Interest is expected to grow in pure currency investment, however. The volatility displayed across the exchanges in recent years is not expected to diminish, and investors have become increasingly aware of the speculative opportunities afforded by these currency movements, illustrated in the table.

LB

## Driven off by official caution

Commodity funds are still frowned on by the regulatory authorities in Britain. Despite the eminent respectability of the main London markets and trading houses, there can be little doubt that commodity dealing and investment still carry a stigma.

Unlike the United States, where the proverbial conversation with a taxi driver can as easily turn to hog belly futures as to the fate of the New York Mets, commodity investment in this country is inching towards social acceptance.

So it is that the brass plates of St Helier in Jersey or Douglas in the Isle of Man are increasingly likely to indicate the presence of an offshore commodity fund. There are now about 30 such funds open to British and other investors, managed by about a dozen companies.

The comparative success of the funds, despite a very

difficult two years in the commodity markets, has encouraged the creation of new ones, and several are likely to be announced this year.

Most of the funds have the same structure. A London controlling company, often the subsidiary of a well-known commodity trading establishment quoted on the Stock Exchange, provides the essential research support, individual expertise in markets where personal experience can be vital, computer facilities and the like.

The reputation of this company rests on its success and probity and it is here that the investor can seek redress in the courts or from the Department of Trade. A fully offshore company may be beyond legal reach.

The master company in turn controls a management company and probably a commodity broking subsidi-

ary. The management company is directly responsible for the operations of the offshore fund, whose dealing business is placed by the broker with member traders of the appropriate commodity exchanges.

A separation of powers is probable at this point because a relatively small number of firms will also be allowed to trade on the exchange floor.

This somewhat unwieldy arrangement is necessitated by one fact: the Department of Trade will not recognize offshore commodity unit trusts. And unit trusts are the most practical way of dividing the fund's profits (or losses) among investors.

Although such trusts have been run for over a decade, the Department adheres to the view that commodities are too risky and complicated for the small investor who is typically interested in unit

trusts. The commodity stigma has stuck.

Tax considerations also inevitably play a part. But in this case they are not always decisive. The chances are that a United Kingdom resident will be liable to capital gains tax on profits from selling units and to income tax on cash distributions from the fund.

The chief advantage is that, in the Isle of Man, for instance, a commodity dealing company incorporated, managed and controlled there will pay Manx tax on profits at 20 per cent. Profits distributed to the fund by the dealing company reduce the dealing company's tax liability, but if distributed to investors incur a 20 per cent withholding tax.

So far as the investor resident in the United Kingdom is concerned, therefore, Continued on opposite page

### Management companies and/or distributors of 207 offshore funds

Key	No of funds	Tyndall Group	Jersey	ABCF
A UK (inc equities and money funds)	24	Tyndall Group	Bermuda	B
B International (inc equities, bonds and currencies)	43	Tyndall Group	Isle of Man	ADEF
C North America (inc equities and money funds)	24	Warburg Investment Management	Jersey	BC
D Commodity funds	29	Worldwide Growth Management	Luxembourg	B
E Gifts and/or high-yielding funds	39	Hill Samuel Investment Management International	Jersey	ABE
F Far East (inc equities and money funds)	48	Hill Samuel Investment Management International	Switzerland	BCF
		Quest Fund Management (Jersey)	Jersey	BE
		Drayton Montagu Portfolio Management	London	BCF
		Phoenix International Life Assurance	Guernsey	BCF
		GT Management	London	BE
		GT Management (Asia)	Hong Kong	CF
		GT (Bermuda)	Bermuda	BF
		Allen Harvey & Ross Investment Management	Jersey	AE
		Henderson Baring (Guernsey), Balford Trust	Guernsey	CE
		National Westminster Jersey Fund Managers	Jersey	ABE
		Pacific Basin Management Co.	Luxembourg	F
		Brown Shipley Trust Co. (Jersey)	Jersey	AE
		Gartmore Fund Managers (CI)	Jersey	E
		Eastern Management	Hong Kong	F
		Sentry Assurance International	Bermuda	B
		Management International	Bermuda	B
		Kleinwort Benson (Guernsey) Fund Managers	Guernsey	BCF
		Lazard Securities (Jersey)	Jersey	BE
		Capital Asset Managers	Guernsey	B
		RBC Investment Managers	Guernsey	BC
		Chawton Commodities (Isle of Man)	Isle of Man	D
		Chawton Fund Managers	Guernsey	D
		Wren Commodities Management	Isle of Man	D
		Lloyds Bank (CI) Unit Trust Managers	Jersey	BE
		Kleinwort Benson International Investment	London	B
		Bank of Bermuda	Bermuda	C
		Wardley Investment Services	Hong Kong	BEF
		Murray Johnstone	Luxembourg	BF
		Commodity Analysis	London	D
		Tyndall-Guardian Management	Bermuda	BCF
		Source: Money Management (Feb 1982).		

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**Drew Johnston examines tax legislation in the wake of the Vestey exposé. Alan Grainge discusses the significance of the captive insurance business for offshore locations, particularly the Isle of Man**

## Now the tax havens have almost had their day

Public awareness of offshore funds located in tax havens was boosted over a year ago after revelations of the spectacular success of the Vestey family in shielding its private fortune from the Inland Revenue. Unfortunately for private investors many of the tax avoidance techniques used by the Vestey family have been made obsolete. Some succeeded because they were long-established — going back in some cases to 1912 — and others have been countered by anti-avoidance legislation.

The position now is that for purely tax-saving purposes, and in the case of most British residents, use of offshore funds is of dubious benefit. In tax law a resident of the United Kingdom is liable to tax on all his income or gains, whether from Britain or overseas sources. Exceptions to this are strictly limited. A British resident is defined as a person who is physically present in the United Kingdom for a full tax year (April 6 through to April 5), or who visits the country year after year so that his visits become part of his habits of life, or if he has a house here and makes one visit to Britain in the tax year; or finally, if he is a British subject ordinarily resident in the United Kingdom who has left the country only for the purpose of occasional overseas residence.

British taxes on individuals are popularly regarded as being among the highest in the industrialized world, but this is not borne out by the statistics. An OECD survey published last February in the Central Statistical Office journal, *Economic Trends*, showed that in 1978 Sweden, Norway, The Netherlands, Belgium, West Germany and France all derived higher proportions of tax and social security contributions from gnp than the United Kingdom.

This was before the tax cuts carried out by the present Government in 1979. And though the tax burden on the individual has risen since then, higher rates of tax are still substantially lower than their pre-1979 levels. Under the last Labour Government, individuals in

Britain faced marginal tax rates of 98 per cent. (This happened because the highest rate of tax on earned income was 83 per cent, and the highest rate of tax surcharge on investment income was 15 per cent.) Now, the maximum marginal tax rate is 75 per cent. (Top rate is 60 per cent and investment income surcharge is 15 per cent.)

It could be argued that a rate of 75 per cent is still too high, but reduction of tax rates in 1979 alongside the ending of exchange controls took steam out of the growth in use of offshore funds by individual British investors. Their use continues, of course, but not principally for tax purposes.

As other parts of this survey explain, the fear of exchange controls being reimposed, either by this or a future Government, is a powerful motivating factor for investing in offshore funds. Anecdotal evidence from top tax accountants points to a continuing move among very wealthy individuals to shift capital out of Britain into havens such as Switzerland. But the main reasons for doing so are not related to gaining tax advantages. Heavy transfers of capital to Switzerland have also been made in the past year from France and West

Germany as a result of tax political, rather than tax pressures.

But escaping British tax entirely is made as difficult as possible by the Inland Revenue through use of Section 478 of the Taxes Act 1970. This prevents transfer of assets abroad which result in income being made payable to anyone resident of domiciled abroad. The theoretical implications of S478 are immense since it empowers the Inland Revenue to tax individuals on the undistributed profits of any foreign company of which he is a shareholder. This is intended to hit offshore funds where the name of the tax-giver for individuals is to see that investment income is converted into capital. Income attracts tax at up to 75 per cent, whereas capital is taxed at a maximum of 30 per cent.

In practice, the Revenue applies the section only in cases where foreign assets are closely controlled by a small number of British taxpayers. But the value to the investor of converting income to capital is also hit by the operation of tax treaties between sovereign states.

Tax treaties codify financial relations between countries. In practice they stop

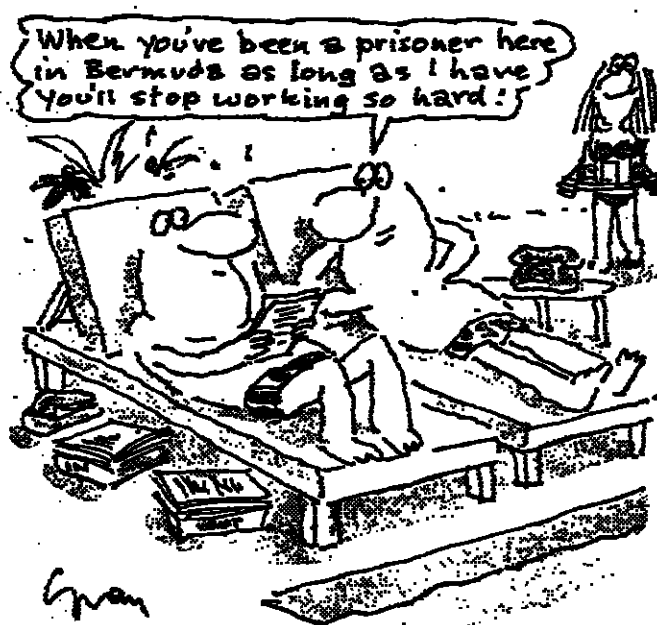
the double taxation of income arising in one country which is remitted to another. Most tax havens where offshore funds are based either have no tax treaties at all or only very limited ones. Income received through a tax haven is often less than income received directly in Britain, the United States or most of Western Europe.

For example the withholding tax levied by the United States Government is 30 per cent of the dividend paid, but in the case of a British investor it is only 15 per cent because of operation of the British-United States double taxation treaty. So the value of the benefit received by the tax haven-based fund is less than the benefit received by the British-based fund.

Tax haven-based funds also lose out because they are usually unable to use the tax credits which accompany dividends taxed at source. Offshore funds are designed to have minimum tax liability, but this stops them offsetting the 30 per cent tax credit on British dividends received, for example.

Whereas a British investor enjoys 100 per cent of the dividend received — 70 per cent as income and 30 per cent as a tax credit against taxable income — an offshore fund has only 70 per cent of the benefits to pass on to the investor.

Companies and certain types of funds, such as commodity funds, can still enjoy the benefits of tax havens of course, but their future is uncertain. The Inland Revenue is in the middle of preparing a new definition of company residence and new rules for overseas investment, which will affect a great many offshore funds. Funds are often controlled in practice from within British jurisdiction, though they may claim official control lies outside Britain. Though certain havens such as Switzerland have sufficient special knowledge to run a fund's business, many offshore funds have to take recourse to, for example the City of London for advice and direction. It is these funds which may suffer from future Revenue action.



## Laws to attract and hold captives

Insurance has become one of the more lucrative of offshore financial activities — so much so that some locations have recently introduced new legislation in order to attract what have become known as captive insurance companies.

Bermuda has established itself as the main location for such companies. They have been formed there mainly by large American multinational corporations, especially the oil companies, to take advantage of the generous tax laws. Annual premiums are not paid to a conventional insurance company; instead they are paid to the offshore captive, which then offloads most of the risk. These captives pay no taxes on their profits and soon build up very considerable reserves.

The term captive has apparently been carefully chosen to satisfy the domestic revenue authorities that the offshore company has an essentially alien, though admittedly close relationship with the multinational which formed it. Alternative terms such as "tied" or "tame" or "inhouse", would clearly not be adequate for that purpose.

Legislation in Guernsey has enabled the island to establish a lead in captive insurance business over Jersey and the Isle of Man. Jersey, however, is now working on changing its legislative framework to remove the barrier to captive insurance companies and the Isle of Man passed a new law last November to encourage their formation.

Examining the background to the Isle of Man's new legislation, Mr William Dawson, the Government Treasurer, says: "The Isle of Man's insurance business can be divided into two groups. In the first are the branches of well-known insurance groups providing insurance for residents. In the second are insurance companies set up to provide cover mainly for non-resident operations. The first of these groups will expand only according to the general insurance requirements of the residents and any major expansion of the insurance sector must, therefore, rely on the growth of the second group. Should such an expansion take place there will be a demand for people with insurance skills and for others to perform a wide range of skilled and routine tasks.

"All these will require both housing and office accommodation. The Isle of Man, unlike many other low-tax areas, is in a unique position: it has the type of people, both from the point of view of commercial activity and population. It also has the political and fiscal stability

which is so essential to the finance industry."

Mr Dawson envisages that significant future growth will come through the expansion of non-resident business, and that three types of insurers may be attracted.

"First, there are the captive insurance companies which are already established in some other low-tax areas. There does seem to be enormous potential for the expansion of this type of business. Various bullish estimates have been made about the so-called captive phenomenon, and it has been suggested that by the end of this decade about 60 per cent of all premiums formerly paid to commercial insurers will be going to captives.

"Other sources claim that in 1970 there were 163 captives and that by 1980 the number had grown to about 1,250. By 1984 it is estimated that there will be 2,000 captives in operation. Whether these estimates are accurate or not, it is fairly obvious that this is a growing market, with a huge amount of premium income and potential profits."

"The second type of insurance company is complementary to the captives. These are the reinsurance companies, and one would anticipate that they will be attracted to the Isle of Man by the new legislation. "Companies providing a direct service to non-residents comprise the third category. There is evidence to show that such companies have been formed and are growing."

In Douglas, Mr Robin Bigland, managing director of the Isle of Man and General Life Assurance company, commented: "The availability of responsible offshore locations with insurance skills is not only a major attraction for large numbers of major corporations interested in establishing their own insurance subsidiaries. It also provides the opportunity for major direct and reinsurance companies to establish offshore subsidiaries able to take advantage of the preferential tax structure, into which selected business can be channelled.

"For European multinationals and major corporations most captives prior to the withdrawal of British exchange control regulations in 1979 were located in Guernsey; but since then there has been greater interest shown in the use of Bermuda because of its strong infrastructure and specialization in the insurance business. The new Isle of Man legislation, however, will place the island on par with Bermuda." AG

Driven off by official caution/continued from opposite page.

the tax advantages which are invariably the main reason for venturing offshore are not crucial to commodity funds. Indeed, if they could operate legally onshore most fund managers would be only too happy.

It would avoid attenuated chains of command and communication — themselves a cost — and wipe out the dubious image which always attaches to offshore financial activity.

But investors should also take other factors into account. The tax position notwithstanding, the vital element is obviously the quality of fund management and, by extension, the way in which the fund is invested.

Judging management quality is difficult, partly because it depends on whether one is measuring capital or income growth and partly because the majority of offshore commodity unit trusts intended primarily for British investors are only a few years old.

Still, a wide range of investments is on offer. Offshore funds may be invested in a single commodity, or the managers may have full discretion to move money around. Most funds, however, are spread across several commodities — base metals, say, with the right to place funds on deposit. Some funds may also invest in commodity-related companies. In all cases the risk-reward ratio is different, but the fund manager's powers are laid down in the trust

deed which governs the fund's activities.

The deed is important because it is the investor's last legal resort. The trustee, who is responsible for overseeing the deed, is usually the local branch of a leading bank. The bank's name should be a sign to the investor of the reliability of the fund. If the bank is based in Britain the aggrieved investor has a greater chance of legal redress.

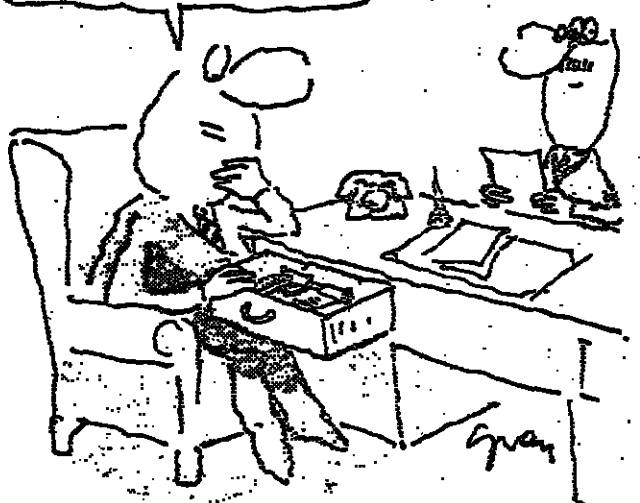
A third consideration is the fees charged by the fund. Managers are not a charitable breed. On the contrary, they levy a combination of initial joining, brokerage, performance and administration fees. They may in addition take a specified percentage of funds placed on deposit.

A client who is fortunate enough to watch his portfolio rise 25 per cent in its first year could pay 10 per cent of his stake money to the management company.

The irony is that if commodity unit trusts were allowed to operate onshore some of the risks would be reduced. As the law stands, commodity fund managers cannot advertise and promote their wares, as do managers of equity trusts.

As the number of such funds grows, moreover, and more investors seek an alternative to dull equity markets, it seems that tax and regulatory controls have lagged behind. It is odd that investors are forced offshore chiefly by official caution rather than taxation. MP

About the genuinely foolproof tax loophole you claim to have discovered, Pibbly — why not explain it to me before bothering the Inland Revenue with it?



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## Nabokov pinned to the page

**Lectures on Russian Literature**  
By Vladimir Nabokov  
(Weidenfeld & Nicolson, £16.50)

Readers of *Lolita*, ,  and *Pale Fire* will not need to be told that the greatest Russian writer of the mid-twentieth century was both moved and rejoiced by the miraculous accumulation of detail in human existence from which was struck "the sensual spark" that brought a book to life.

As a critic, too, Nabokov is both precisely poetic and wonderfully down to earth and in these *Lectures on Russian Literature*, assembled in varying forms of completeness or fragmentation from his teaching at Wellesley, Stanford, and Cornell in the Forties and Fifties, he is far more relaxed and expansive than he became after hitting the jackpot of vulgar fame and giving up writing altogether in 1958. Poses are still held in the interest of art and truth and the enthusiasm of young, innocent and ignorant minds, rather than in the weary, almost self-holding at bay of the prudent Press which bounded *Lolita*.

"Literature," he declares, "is a grateful digression from the dusty task of teaching Dostoevsky, must be taken as a gift to his pupils, pushed apart, squashed, then its lovely reek will be smelt in the hollow of the palm, it will be munched and rolled upon the tongue with relish, then, and only then, its true flavour will be appreciated as its true worth, and the broken and crushed parts will come together in your own mind and disclose the beauty of a unity to which you have contributed something of your own blood."

Reading is an active and not a passive art, and the "gifted" reader is, after the artist who created it, the most important character in any book. By these exacting tests of participation and smell, Dostoevsky emerges as a somewhat feeble, and the "gifted" reader is, after the artist who created it, the most important character in any book. By these exacting tests of participation and smell, Dostoevsky emerges as a somewhat feeble, and the "gifted" reader is, after the artist who created it, the most important character in any book. By these exacting tests of participation and smell, Dostoevsky emerges as a somewhat feeble, and the "gifted" reader is, after the artist who created it, the most important character in any book.

## The British vice

**Wives for Sale**  
By Samuel P. Menefee  
(Blackwell, £15)

"This here be to inform the public as how James Cole be disposed to sell his wife by Auction." Thus did a Devon husband notify the neighbourhood. Same-day written notice cost less than the services of bellman or town clerk. Newspapers advertised—editorially frowned on—cost more; but that did not deter a Mr Hebland, in 1796 he advertised his "damned hard-mouthed" wife, Jane, for five shillings, "because she is too much for him. Incompatibility, adultery, both are common. So were wife sales.

Feminist, British, and romantic sensibilities will be knocked sideways, gasping, by this scrupulously researched account of an informal, particularly British institution. Mentioned in documents since the 11th century, solid evidence dates from 1553. Cases come thick and fast thereafter. Wife sale was a widely practised, popularly accepted means of slipping the knot of matri-

—and Chekhov, with whom Nabokov is closest in sympathy of all too close, indeed, for him to do more than suggest emotionally why he places Chekhov only behind Tolstoy and Gogol as the great master of human nature and experience in Russian prose.

Art is a divine game, literature is the life of language and imagery and not the vessel for explicit ideals and messages such as those virtually marked Special Delivery, he suggests, in the novels of Gogol, or Thomas Mann. In *Anna Karenina* the "ideas" of sexual intercourse as a form of murder and of death as the birth of the soul emerge spontaneously from the nature of Tolstoy's people.

As a teaching tool—expression Nabokov would have loathed—this curious volume only works in the *Karenina* chapter, but there it works wonderfully well, as a weaver of information, as if for some critical edition of the novel, on the interiors of Moscow, Petersburg sleeping cars, the weekly role of the clock-maker, the hours of work and routes taken by each character, and where the oysters consumed in the great cities would have come from, all of it serving to show precisely what, in human and dramatic terms, a transmuting genius made of it.

Two words to end on, one ahead of its time, the other well after. *Philistine* is easy: it is Mary Whitehouse as Esther Rantzen or Pauline Hanson, but *bumcombe* is not, as you might suppose, a seaside resort in Sussex to which non-existent cousins might safely be confined. It is the original of bunkum, from the 16th Congress of the United States in which the Member for Buncombe County, North Carolina, upset the big boys by interrupting a debate on Missouri by insisting he be allowed to speak for Buncombe. No, it is not Arthur Marshall or Frank Muir, but honest to O.E.D. Nabokov would probably have found it trembling quietly there like one of his rare moths, identified the assonance with Lady Bracknell and John Worthing, trapped in his net and pinned to the page, where it would, of course have been totally invisible to the eager young ladies and gentlemen of Wellesley, Stanford, and Cornell.

Michael Ratcliffe



The birthplace of Voltaire in Châtenay, photographed by Eugene Atget in 1901, before the car and the rest of the twentieth century changed the face of France. From The Work of Atget: Old France (Gordon Fraser, £25).

## Do women make good mothers?

**The Myth of Motherhood**  
By Elisabeth Badinter  
(Translated by Roger DeGaris (Sovener, £8.95; paperback £5.95))

*Mother is dancing up forty-eight floors, for love of the Leeds method. Startling, the flame of that faith might perhaps have grown cold, with the care of a baby of seven weeks old.*

Thus G. K. Chesterton. Elisabeth Badinter has a heavier hand. What she seeks is justification for demanding that fathers (but not, apparently, grandmothers or creches) should share with mothers the work of looking after infants and young children. Badinter's self-chosen method is to attribute to feminists the concept of Maternal Instinct, then to prove it doesn't exist by showing that in France in the 17th and 18th centuries it was common for children of all classes to be put out to nurse in the country. Granted that when sensibility dawned, richer women kept their children by them, but only because the invented Maternal Instinct imposed it on them. But since this doesn't really exist, and breast-feeding needn't be their men should do a full share, as indeed some recent statistics show they increasingly do.

But, as Laplace said to the Emperor when accused of leaving, "Sire, I have no theories."

need of that hypothesis." And Badinter has no need to forge an historical pedigree in order to convince us that most women, even those well bonded to their infants (she doesn't mention bonding), are not wearing by their work of rearing creatures noisy, dirty, smelly, helpless, insensate, conditions only slowly remitted and only by constant care often intolerable to women who want to work or even just lead lives of their own. In the absence of sufficient domestic help, plain justice demands all possible aid in making these burdens tolerable; while not depriving infants of breast milk (valuable for reasons like immunities, unconsidered by Badinter) or the security of reliable loving care, as shown by Bowlby who is unmentioned by Badinter. But no need to set up and then knock down an outmoded Aunt Sally in order to make these obvious points.

All that Badinter's would-be historical survey has succeeded in showing is that there was fashions in child-rearing among those who could afford fashion; but not that country nursing proved mothers didn't love their children. After all, the conscientious 18th century governors of Coram's Hospital sent their infant foundlings to be nursed in the country because they believed it had been proved that this was best for them, and how do we know that rich French mothers didn't

suffer agonies in doing the same? As for the very poor, many mothers have always had to put their children out to nurse if they are to be able to themselves, let alone their infants; George Moore's *Esther Waters* is a *locus classicus* here, but not mentioned by Badinter who seldom draws on evidence from outside France, and no wonder.

To postulate a unisexual "paradise" in which children are born into families where "Papa and Mama are the same and no longer offer differentiated sexual signals" is of small help in the immediate need for remedy in a world where Papa and Mama, far from being the same in many respects, are likely to be changed several times over in the course of any one child's growth to maturity; let alone the problem of giving both partners fair chance to get out of the home to earn their livings. *The Myth of Motherhood*, masquerading as a scientific enquiry, is a very silly book, and will be of no help to the many men, women, and children who have serious problems to solve in reconciling the interests of all three in a new climate which fairly demands no undue sacrifice from any of them. The American translation inspires small trust: what was the French for "battering an eye" in 1774 and for "babysitter" in 1876?

Marghanita Laski

## Cursed by too much history

**God's Playground**  
A History of Poland  
By Norman Davies  
(Oxford, two vols. £27.50 each)

There could hardly be a better moment to publish a history of Poland. The present situation there is incomprehensible except as the latest in a series of Polish tragedies deriving largely from Soviet domination which has been continuous since 1917 except for the relatively brief period between the two world wars. The Polish mind has been shaped — or distorted — by this experience.

Curiously enough no British historian has produced a history of Poland since 1917. The Cambridge history is a patchwork by many different authors. Norman Davies is therefore filling a yawning gap with his two large and expensive volumes.

He has attempted an approach that is neither nationalist nor Marxist. That he sees Poland neither as a

single nation nor as a continuously developing political and economic unit but as an amalgam of nationalities in a cultural community. He gives full attention to Jews, Germans, and Ukrainians, and to Poland's western as well as eastern relations. The result is a fuller and more complex picture than is provided by those who see Polish history for existence interrupted by periodic partition.

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Richard Davy

Hans Hellmut Kirst also chooses a closed community for his bitter anti-militarist satire, *Heroes for Sale* (Collins, £7.95). The dark irony is that his novel is set in a training camp for an elite corps of Wehrmacht troops intended to wreak havoc as best they may, among the conquering armies advancing from East and West. In fact, the nine or so main characters are all pursuing some form of self-interest, from the madly idealistic to the baldly cynical, as becomes evident in the devastating final chapter. As well as straight narrative, the author uses "Curriculum Vitae" (in which the subject's view of himself is offered somewhat at the facts as they are related) and "Situation Reports". These are effective when they stick to what they claim to be: but too often they become tendentious and, worse, introduce some interesting questions, they weaken the purposeful structure of the novel. H. H. Kirst treats the Nazis with dismissive contempt, while the serious targets for his comic scorn appear to be the blind heroics and mythomanic zeal which must underlie any militaristic ambition.

The dust-jacket tells us that the central character of Hugh Fleetwood's novel, who sees himself as *A Young Fair God* (Hamish Hamilton, £7.95), is "not a pleasant youth". Putting it mildly, he is a deranged, sadistic lout whose "vision" is not matched by anything approach-

ing. The Erinyes, or Furies take the form of a fanatical urban guerrilla force, the Doves, whose philosophic mentor, Ulrich May, is a fleshed-out nightmare of perverted existential thinking. For these people and their ideas, who steal the purpose of Owen Huallec and his sister, to be convincing, Joyce Carol Oates has to treat them seriously, which she does to great effect, thereby challenging supporters of the novel's assumptions which are much deeper than the sly, inconsequential or corrupt values of the Washington society in which the action (and there is a lot of action) takes place. Throughout the novel these are direct and indirect questions posed about the nature and meaning of existence: "Let me for Christ's sake exist and the rest of the world can fall place around me," says the Marquis/Aegisthus character. The examination of the validity of this and contradictory points of view at sexual, political, social, moral and intellectual levels in the context of vigorous narrative make *Angel of Light* an exciting and profound work.

*Badenheim 1939* by Aharon Appelfeld (Dent, £4.95) is a grim relentless parable, set in an Austrian summer resort, of the bleak almost comical acceptance of increasing Nazi persecution by European Jews. Aharon Appelfeld expresses his outrage, compounded of hurt and pity as well as anger and resentment, in lucid, cleverly phrased understatement. The banality of circumstance and the dehumanisation of character and situation as the inhabitants of the prosperous little town scramble for excuses, search desperately for some token of hope or optimism, or resort to inter-necine squabbling as some blame others for their misfortunes, makes the account steadily more horrific and successful in reinforcing the sense of shame and fear implicit in that vast insult to humanity. The writing is co-ordinated in a master-stroke of imaginative plot-

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## Ruskin: arbiter of public consciousness

**The Wider Sea**  
A Life of John Ruskin  
By John Dixon Hunt  
(Dent, £15.95)

Ruskin, of the dog-bitten lip, a wound inflicted by the closest companion of his sheltered childhood, had a silly side to him. An infatuation with young women haunted him all his life. "Each book that a young girl touches should be bound in white vellum," and he devoted himself to some impracticable causes. Yet John Dixon Hunt emphasises that nothing can detract from his towering intellect, his taste, his aesthetic judgement, and the effect he had on contemporaries and young disciples.

Ruskin's autobiography, *Fraenicia*, is "a version of his life's best, least disturbing episodes". *The Wider Sea*, in six exhaustive parts each with its prefatory synopsis, authoritatively and with huge respect for its subject, describes the omitted sections and extends those that are glossed over.

It makes no apology for the fact that Ruskin is difficult to read. A man, it is said, who wrote copiously. Like Brantwood, his Lake-district home which, after his death, was found to be stacked with curiosities — pictures, minerals, books, with three star-shaped oddments. He observed closely and described in detail. The tomb of Ilia sculptured by Jacopo della Quercia he presented in these terms: "Round her head is a circular fillet, with three star-shaped flowers. From under this hair falls like that of the Magdalene, its undulation just full as it touches the cheek, and no more."

Brian Martin

## Book of books

**National Union Catalog, Pre-1956 Imprints**  
(Mansell/Bentrose, £16,352)

On *The Times* we have a healthy anti-elitist prejudice against excessively expensive books. We try to review books that the intelligent, hard-up, reading public (a group to which most *Times* readers belong) might be able to afford. But this monstrous expensive, inefably elitist publication is irresistible, not merely for its own sake, which is a pretty test for prigs. It is the biggest list of books in the world (three times the size of the British Library catalogue), housed in the Library of Congress in Washington, and recording pretty well every book published in the Western world since 1450. Big deal, those of us scurrying to buy the latest paperback may mutter. But scholars wanting to research, librarians wondering whether to buy, authors needing a book, and all of us who like our books to be accessible, should be aware of this monumental and important bibliographic tool for the scholarly and bookish classes.

The vulgarity of the superlatives and the statistics, the woman preacher performing dog aspects of the century are appealing to the journalistic instinct. Seven hundred and fifty-four volumes to a set, each set with 527,800 pages and 11,340,000 entries. If you buy a set, it will occupy 125 feet of your book-shelves, and if you drop it on your toe, it will weigh 2.65 tons. The last vol has just thundered off the press. So far 1,358 sets have been sold in 51 countries around the world. 73 in the United Kingdom. Sales so far have brought £16.5m into Britain. There are about 120 sets left, so you had better hurry.

But, of course, what matters are not the immense superlatives, but the bibliographic and scholarly importance of the publication. With access to the Catalog we can locate in the United States the whereabouts of any book published anywhere in the Western world up to 1956. Big deal, those of us scurrying to buy the latest paperback may mutter. But scholars wanting to research, librarians wondering whether to buy, authors needing a book, and all of us who like our books to be accessible, should be aware of this monumental and important bibliographic tool for the scholarly and bookish classes.

Philip Howard

Richard Davy

Hans Hellmut Kirst also chooses a closed community for his bitter anti-militarist satire, *Heroes for Sale* (Collins, £7.95). The dark irony is that his novel is set in a training camp for an elite corps of Wehrmacht troops intended to wreak havoc as best they may, among the conquering armies advancing from East and West. In fact, the nine or so main characters are all pursuing some form of self-interest, from the madly idealistic to the baldly cynical, as becomes evident in the devastating final chapter. As well as straight narrative, the author uses "Curriculum Vitae" (in which the subject's view of himself is offered somewhat at the facts as they are related) and "Situation Reports". These are effective when they stick to what they claim to be: but too often they become tendentious and, worse, introduce some interesting questions, they weaken the purposeful structure of the novel. H. H. Kirst treats the Nazis with dismissive contempt, while the serious targets for his comic scorn appear to be the blind heroics and mythomanic zeal which must underlie any militaristic ambition.

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# Inside Gdansk, where Poland's defiant spirit is being punished

by Roger Boyes

## Gdansk

"Taking risks at work puts lives in danger", announces a brightly coloured cartoon fish on a work safety poster in the Lenin shipyards in Gdansk. Three minutes' walk away. Just outside the shipyard gates, stand three crosses commemorating the shooting of workers in 1970: "No water will ever wash away the blood that has been spilled", says a stone inscription behind the memorial.

On a wharf in Gdynia, a short drive up the Baltic coast somebody has daubed a door with the slogan of the Solidarity underground: You have the winter — we will have the spring.

Labels, inscriptions, graffiti that record the bitterness and the enduring unforgiving memories of the Polish workers' movement. That movement came of age in Gdansk, where the people are as tart-tongued as Liverpudlians or Hamburgers, where hypocrisy was mocked, where Haneke's independence mattered more than party diktat.

In December, 1970, the Polish authorities proposed to "rationalize" the shipyard industry — by cutting overtime payments and certain bonuses — at a time when food prices were being raised. On Monday, December 14, the workers laid down their tools in protest and swiftly the demonstration spilled over to the town, and attack was launched on the party headquarters and the militia acted at first with great uncertainty then with growing confidence and violence.

Within a week, the official estimate was 45 dead in the Gdansk, Gdynia and Szczecin riots, over 1,100 were reported wounded. It was natural enough that the Lenin shipyards should also be the birthplace of Solidarity in August 1980, natural enough that the leader of the new movement, Lech Walesa should live and work in Gdansk. The self-confidence of the Polish working class was shaped in the Lenin yards.

Now Gdansk is in a state of war, though more precisely it could be described as a state of siege. Every one has to be off the streets by eight o'clock in the evening. It is forbidden to drive private cars, even if there were petrol to fuel them. The telephones are out of action. Gdansk, the world has it, is being punished.

But talk to the workers in the Lenin yards and it becomes evident before long that their spirit of resistance is still strong. "No, we're not defeated, of course not, we have time that's all", says a welder in the K2 unit of the yards. "No, I'm not in the party", says another, "I was never in the thing and never will be. It stinks."

Unintimidated by a squadron of Foreign Ministry officials and a photographer who does not appear to be an accredited member of the press, a man digging into Solidarity back either with the old leadership or with a new leadership democratically elected by the workers. Anything else, they will ignore.

Are the workers staging a go-slow (the Poles call it an Italian strike)? Of course not, says the man,

glancing at a security man in blue freshly pressed worker's overalls. But he has been digging this particular trench for the past five days. The trench is a modest one.

Talk to the officials who run Gdansk and it is immediately apparent that future historians of martial law are going to have problems. In 1970, the officials almost certainly faked the death toll — that was conceded tacitly even by party members in Solidarity's Poland. The figure was almost certainly more than 100 dead, several thousand wounded. Over the past 12 years, accounts have slipped out about night-time funerals, bodies being wrapped in rubbish sacks and dropped into the Baltic.

Scarcely nine weeks into martial law and the officials are at it again. Mr Bronislaw Medekski, the chief prosecutor in the Gdansk region tells visiting reports that only between 12 and 20

While Poland's unofficial history is being written in invisible ink, the government version is being written in pencil, rubbed out after a number of days...

people are interned in the Gdansk area ("the number fluctuates, you understand"). Yet the Church has identified four internment centres in the Gdansk area. That would mean an average of three to five prisoners per township, a somewhat improbable state of affairs.

These facts are still more or less in the control of the authorities. They can claim what they want about internment or the mailbag of the prosecutor's office and their testimony will — like the death toll figure in 1970 — have to be accepted as the definitive, if not the correct, version. But official counts of demonstrations are a different matter and again it is evident that while Poland's unofficial history is being written in invisible ink, the government version is being written in pencil, rubbed out after a number of days, and then rewritten to suit present circumstances.

On January 30, there was a violent demonstration against martial law in Gdansk (workers say that they plan similar protests every month). The party press described this "manifestation" (the official euphemism for demonstration) as a reprehensible display by mischievous schoolchildren and students.

Now, the official version is moving closer to independent accounts. Some 8,000 workers left the shipyards at the end of the first shift on Saturday, we were told in Gdansk, and some of them joined in the demonstration which was in fact a wreath-laying ceremony at the 1970 memorial. Militia tried to disperse the crowd because crowds are against the law.

The group of 2,000 then became a group of 50 who ended up burning a militia van in the town centre and

throwing Molotov cocktails into the library of the Gdansk communist party. The latest version sticks to the figure of 205 arrests and 14 injuries.

Yet even this account lacks a certain credibility. A priest who recently travelled from Gdansk to Warsaw tells of seeing a crowd of 9,000. There were as many shipyard workers as students (something strenuously denied by the authorities, who do not want to encourage the idea of there being popular workers' unrest), that the crowd dispersed, but regrouped almost in the same numbers as before, that the riot police acted with a degree of brutality, turning the water cannons on demonstrators almost at point-blank range.

Gdansk is, in short, a troubled town. Unlike Poznan (the only other city outside the capital that correspondents have been allowed to visit, the workers here are not waiting patiently for Mr Walesa to re-emerge. The Lenin yards were in the vanguard of the workers' movement and the workers there seem to feel a responsibility to their colleagues throughout the country.

The workers will probably be given an extra month's wages (the annual compensation for the food price rises) this month so people will probably not run out of money for food over the next three weeks. March, however, will be a difficult month for Gdansk. Resentment cannot easily fizzle out in a place where mothers are still weeping for workers shot by police 12 years ago.

In the seventeenth century, the Polish nobility could cripple the power of their monarchs with a special right of veto, the liberum veto. Now the workers have re-discovered that right, the right to cripple governments, and they discovered it in Gdansk.

There is a certain bogus sentimentality about our habit of protecting the wildest and most "natural" bits of the landscape while watching with apathetic resignation the destruction of so many of the better and richer parts on which generations of our ancestors have lavished their cultivating art to create both great beauty and practical value.

A roar of facile protest goes up when a piece of grand and granite scenery is put on the market, or when a minor country house is threatened, while we remain unmoved (unless we have a personal interest in the matter) when acres of beautiful and rich agricultural land, on the making of which nature and man have combined, are marked out for ruin. Yet to tell the truth, if we had left nature, grand though it is, as it was given to us, the world would not amount to much. Our essential heritage is 1,500 years work on this raw material.

There are not now many reasonably extensive areas of agricultural land of outstanding quality in the heartland of England. One of them is the Vale of Belvoir, where the National Coal

Peter Watson reports from the high society trial in Newport, Rhode Island

## Trial by class in Gatsby country



Claus von Bulow: wine and sympathy from Britain

Newport, Rhode Island. For someone on trial for attempting to murder his wife twice, Claus von Bulow appears an unusually relaxed man. Every weekday, just before 9.30 am, this tall, balding yet imposing figure, elegantly dressed in a double-breasted navy suit, strolls into the court building on Newport's Washington Square. One hand in his pocket, the other sprouting a long cigarette, he smiles, chats and even jokes with reporters.

"Yes," he told me, "I've had plenty of letters of support from Britain. I have always found that the British, once they make up their minds about something, stick by you. Mark Birley sent me a crate of wine — very useful, I can tell you, in an American motel." Had Lord Hailsham been in touch? (Mr von Bulow once worked as a barrister in the Lord Chancellor's chambers.) "No. I haven't heard from Quintin for some time."

Well over six feet tall, Danish-born von Bulow habitually puffs out and preens his chest like a Prussian officer. It is easy to understand why the locals see him as an arrogant man. The sheriff shouts and we move into the court together.

Von Bulow is accused of twice injecting his wife, Martha or "Sunny", with insulin in an attempt to kill her. He is not a particularly wealthy man but her current will bequeaths him half her estate: \$15m. Their daughter and her children from an earlier marriage receive the other half.

Mrs von Bulow went into a coma on December 27, 1979, from which she recovered and again on December 20, 1980. Doctors say her brain has been damaged and that the second coma is irreversible. Insulin is an extremely potent drug, with insulin encrusting on the second coma is irreversible. Von Bulow was found in a black bag in Mr von Bulow's closet at Clarendon Court, their country home in Newport (they also live on Fifth Avenue, New York).

The defence claims that "Sunny's" coma is a result of hypoglycaemia — low blood sugar — plus a combination of egg nog barbiturates (self-administered) and sugary foods.

The red-brick courthouse in Newport must be one of the ugliest buildings in town. The heart of this island community, clustered around a harbour familiar to so

many world-class sailors and the America's Cup is scheduled to be raced next year, is a jumble of tiny streets cluttered with clapboard houses, pretty as a postcard.

In contrast, Bellevue Avenue, the wide boulevard where the von Bulows and other super-rich live on the edge of town, resembles the leafier parts of Cheltenham, but on the ocean. Clarendon Court shares a peninsula with Breakers, the original Vanderbilt summer home, two local Astor houses where the "400" great families of America used to party till

dawn, and an exact replica of the White House. The houses and parties on Newport during the summer are so lush even today that some mansions have specially laid-out permanent car parks. No wonder it was on Bellevue Avenue that they chose to film Scott Fitzgerald's *The Great Gatsby*.

In court the social divisions which are ever present in Newport are plain for all to see. The room itself is a shabby affair. The pale plaster is smudged and dirty; the wooden veneer lining the bottom half of the walls is stained and scuffed. The

public gallery is packed with middle-aged women but, unlike the Ripper case in Britain, they identify with neither side and are essentially cheerful ghouls. The judge can be homely, too, and occasionally digresses to discuss his wife or the weather.

Von Bulow's lawyers — there are two — are tall, suavely dressed figures like him, both with shining, well-nourished silver hair. Herald Fahringer, von Bulow's main attorney from New York, is a stooping, halting figure with a passing resemblance to, and delivery like, James Stewart. He has contested many famous cases. By contrast the prosecutor, Assistant District Attorney Stephen Famiglietti, is small, dark and greasy looking. But he is a local man.

Von Bulow listens impassively to the proceedings, occasionally jutting forward his jaw. When he enters the court he sometimes stares down at the women in the public gallery, towering over them; but he never looks across the room at the jury. To judge from appearances, they too are a class apart.

It would be tempting to say that the trial has divided the community. But in fact von Bulow has few friends here now. Unkindly, the locals insinuate that the only people who speak up for him (there have been some) are those involved in charities — Mr von Bulow still has charge of the charitable trust stemming from his wife's money.

Until the trial began, many of his friends did stand by him. Most of the summer community here is transplanted from Manhattan and Newport, according to William Boggs, a local resident writing a book about the trial, most are "far more snobbish here than they would dare be in New York."

Claus — pronounced Close by many friends — was invited to parties in both New York and Newport prior to the trial. But whatever support there was for him, it has evaporated. Late Newport is a very Catholic town, Portuguese and Irish mainly. The revelation that von Bulow openly went on holiday to Nassau with a mistress, Alexandra Isles, last year, while his wife was in a coma, has swung popular local opinion against him.

From former wealthy friends, other stories are now

coming out of the woodwork. Lunching in von Bulow's Newport club, the Reading Room, I was also told it was fellow Newport citizens who succeeded in blackballing him from the exclusive Brook Club in Manhattan. He always had fewer friends in Newport than he thought.

It is undoubtedly one of the most class-conscious towns in America; Alistair Cooke described it as a "private Versailles"; Thornton Wilder in *Theophilus North* likened it to a posh coffee, a multi-layered coffee-drink and William K. Vanderbilt went quietly there, thinking he was the Prince of Wales.

So far in the trial the witnesses have mainly been servants and this hasn't helped, either. The von Bulows had four or six at Clarendon Court depending on whether they were staying for a short or a long weekend. One of them

He never looks across the room at the jury. To judge from appearances, they too are a class apart...

started work at 3.30 in the morning, though Sunny herself never rose until 10.30. The chief of police, William Boggs, may have been compromised in the eyes of the Jewish members of the jury by the revelation that she once worked for Krupp, the armaments company. But what most people will take away from this trial are her repeated loyal references to Sunny as "my lady". Sitting primly in the witness box in a sober blue and white frock, she even confessed that she had lied to an earlier court to protect her lady.

The prosecution has not moved on to the intricacies of the medical evidence, where the wild world of rumour has no place. And there are many witnesses and several weeks to go before we have a verdict. But in Newport in 1982 it is clear that Claus von Bulow is in a very bad way. He is guilty — at least of being an aristocrat.

Ronald Butt

## Must the Vale of Belvoir fall to the miners?

There is a certain bogus sentimentality about our habit of protecting the wildest and most "natural" bits of the landscape while watching with apathetic resignation the destruction of so many of the better and richer parts on which generations of our ancestors have lavished their cultivating art to create both great beauty and practical value.

A roar of facile protest goes up when a piece of grand and granite scenery is put on the market, or when a minor country house is threatened, while we remain unmoved (unless we have a personal interest in the matter) when acres of beautiful and rich agricultural land, on the making of which nature and man have combined, are marked out for ruin. Yet to tell the truth, if we had left nature, grand though it is, as it was given to us, the world would not amount to much. Our essential heritage is 1,500 years work on this raw material.

There are not now many reasonably extensive areas of agricultural land of outstanding quality in the heartland of England. One of them is the Vale of Belvoir, where the National Coal

Board and the miners wish to develop three mines (at Asfordby, Hosc and Salby) to tap reserves of 1,300 million tonnes.

The life of these mines would be about 75 years and it is estimated that they would yield about 510 million tonnes of coal. On average, they would produce about 7.2 million tonnes a year, though this output would not be reached until 1995 at the earliest. They would employ 4,100 miners and indirectly create other work in the area.

Whether or not the Vale of Belvoir is to be sacrificed principally in the hands of Mr Michael Heseltine, the Secretary of State for the Environment, but he has to carry other Cabinet colleagues and departments with him. It has not been easy. Mr Heseltine had no difficulty in making up his own mind, but announcing a decision was another matter. The reason offers a useful insight into the way in which long-term national interest can be forced to take second place, against ministerial wishes, to sectional power.

In 1979-80 a six-month enquiry into the case was conducted by Mr Heseltine's

Inspector, Mr Michael Mann QC. A huge weight of evidence was submitted on behalf of objectors, the Leicestershire, Lincolnshire and Nottinghamshire county councils, the National Farmers' Union, local interests and preservation bodies. One local MP, Mr Michael Latham, who represents Melton, also appeared as an individual objector — an unusual step for an MP to take at such an inquiry, which had the more weight because Mr Latham is also a member of the Commons Energy Committee.

Although his own Inspector's report (not yet published) recommended acceptance of the mines but not of the two waste tips, Mr Heseltine was of a different opinion. In a draft paper prepared for a Cabinet Committee in the spring of last year, he observed: "It is clear that coal mining would totally change the character of the area", citing the impact of spoil tips, mine buildings, including winding towers, and massive coal processing buildings. He noted also that the area would suffer from subsidence (more than 4,000 properties would be at risk)

and farms from damage to land drainage. There would be extensive new construction of houses, roads and rail with a considerable increase in noise. Above all, there were the proposed tips of waste, which would be extensive. Unlike his Inspector, who only proposed to turn down two tips, Mr Heseltine was "strongly of the opinion" that none should be permitted.

Still, when all this is said, and when further account is taken of the loss of valuable agricultural land, it might still be necessary to accept the mining of Belvoir, if genuine fuel need were firmly proven. It is not. Any fairly dispassionate reading of the evidence of Professor Gerald Manners of University College, London, a specialist in energy questions, an adviser to the Commons Energy Committee, and an expert in regional planning, will find it hard to resist his conclusions that the Coal Board has not only failed to establish need, but on any reasonable set of economic, social and political probabilities, could not do so.

Professor Manners described the proposal for 7.2 million tons of new capacity as "a huge and highly speculative investment dedicated to the proposition that the markets for British coal must respond to the production ambitions of the mining industry. Such a proposition is untenable in economic logic and is unacceptable, in the national interest."

The general tenor of this analysis is that Belvoir would probably add to an expansion of coal for which (in the context of the prospects for likely growth in the western world) there would be no economic demand. Why then, since Mr Heseltine agrees, has there been hesitation?

Twelve months ago, there was the disruption of the pit closures programme, a threatened coal strike and a settlement based on the Government's decision to bail the industry out with public money. At that time Mr Heseltine was only on the brink of a decision and it was helpful that he wasn't quite ready. By April, however, he had produced his paper for a Cabinet Committee, overruling his own Inspector by reaching the preliminary conclusion that the application should be refused, since need was unproved.

Yet no decision was taken. By now the miners had begun their negotiations for the recently concluded pay rise and the Department of Energy was desperately anxious that if Belvoir mining was to be in part or wholly refused (though they were still struggling for its acceptance) no announcement should be made until after the pay settlement.

But now the miners have "moderately" settled at 9.3 per cent, they want their reward. Indeed, the Leicestershire miners, make no bones about expecting Belvoir as their prize for particular moderation. It is hardly conceivable that they will get it of it.

But whatever compromise is reached, the point of principle remains. Damage will be done to a delectable rural oasis in the spoiled heartland of England not to meet a proven need but to provide jobs that will probably produce a surplus commodity in overall energy terms. The hidden costs, in terms of lost amenity, agricultural production, building of modern houses, the loss of the coal will pay for, and the removal of spoil will be paid for by the public in some hidden manner. Such is the power of interest politics in the 1980s, and of the mining minority in particular. Every year the Government must qualify before it, and prefers to let future generations foot the real bill.

## Why London must wait for Kissinger

Henry Kissinger's sudden open-heart surgery threw away his plans for his visit to London next month. The former secretary of state was to have been a principal draw in the Chatham House series of lectures to commemorate the bicentenary of the Foreign Office.

David Watt, the director of the Royal Institute of International Affairs, was still uncertain yesterday whether the gap on March 11 could be filled. He hopes that Kissinger might be sufficiently recovered to deliver a rescheduled lecture in perhaps April. Kissinger's publishers, Weidenfeld & Nicolson, and Michael Joseph, were relying on the London visit to promote the second volume of his memoirs, *Years of Upheaval 1973-77*. When the previous volume was launched in Germany in 1979 the publishers had to hire bodyguards to repel uninvited pressmen from the crowded conferences. The publication of the sequel on March 29 could fall flat without him.

The prognosis for Kissinger's speedy recovery is, PHS is glad to say, good. His successor, Alexander Haig, had a triple bypass operation in 1980. Chancellor Schmidt received a pacemaker in October last year, and was quickly back on the job. The ballet dancer Andre Prokofyev had a double coronary by-pass carried out in 1976, and resumed

dancing in four months, and our own Eric Morecambe is another who we are pleased to welcome Kissinger to what he calls "the Zipper club".

## At Home

Acute interdepartmental rivalry, obliging PHS to reveal that, as well as the Foreign Office, the Home Office also celebrates its bicentenary next month. The Home Office, too, is staging a star-studded series of lectures to celebrate, in cooperation with the Royal Institute of Public Administration. The big names on the Home Office list includes James Callaghan, Lord Allen of Abbeydale, Lord Windlesham and Sir Cyril Phillips, chairman of the Police Complaints Board, as lectures; William Whitelaw, Lord Hunt, and Sir Robert Armstrong, Secretary of the Cabinet, as chairman.

The Home Office believes it is one up because the Queen and the Duke of Edinburgh will visit on March 25, and claims to be the senior department because the first Home Secretary, the Earl of Shelburne, was a peer, while Charles James Fox was a commoner. PHS's view is that Fox was worth three Shelburnes any day.

## Old friend

When Lord Thomson of Monifieth, chairman of the IBA, goes to Buckingham Palace today to be invested with the insignia of the Order of the Thistle, ceremony will be a moving one

## THE TIMES DIARY

**M** Harold Macmillan's birthday day — must have been somewhat marred by events at the family publishing firm in London and Basingstoke. Some 70 staff belonging to the book publishing branch of the National Union of Journalists went on strike complaining in an adaptation of *Supermac's* catch-phrase, that

for him. He likes to think that the place he is taking in Scotland's senior order of chivalry is that of his old friend, the late Lord Ballantrae, formerly Sir Bernard Fergusson.

In 1945 Thomson was stationed as an airman in Galloway, and he played any part it fell to him to attend the meetings of the official Conservative candidate, Sir Bernard Fergusson, to ask awkward questions. Fergusson, Thomson says, quickly recognized the value of a good Labour heckler at party meetings. "He quite often offered me a life in his car from one meeting to the next."

When Thomson became Britain's last secretary of state for the Commonwealth in 1967 his first duty was to welcome home the returning Governor-General from New Zealand, Sir Bernard Fergusson, and when he needed an experienced military authority

they had never had it so bad. The strikers said that the company, a private firm but the third largest publisher in Britain, had approached pay negotiations in "classic paternalistic style." That might not have mattered so much, but a survey of 31 publishers showed that Macmillan's minimum rates of pay ranked twenty-eighth. Profits, though, are among the highest in the industry.

Ray Buckton, the Aslef leader, is a newly-appointed member of the Health and Safety Commission. He will be advising on how to make the workplace safe and healthy. He may decide, in face of the stabbing umbrellas of irate commuters, that the safest thing now would be for rain-drenched travellers to stay at home permanently.

## Mack the knife

Bill Mackey, the receiver who yesterday sold the Laker and Arrowsmith tour operations, may actually have enjoyed the all-night negotiations which proved necessary.

Colleagues at his accountancy firm, Ernst and Whinney, say that Mackey always works half the night anyway. He has solemnly promised never to ring them earlier than 7 am, but his wife says this only leads to a lot of impatient pacing as he counts the minutes to the magic hour. Inevitably, but inappropriately, he is nicknamed Mack the Knife. In fact, as clearly shows in his extremely readable contribution to a book called *Managing for Profit* published last Friday, he is a kind considerate and humorous man.

The postmistress of *Lover in Wiltshire* has been unromantically banned from handstamping cards and letters with the village name for St Valentine's Day. February 14 is Sunday, and the head postmaster at Salisbury says that unofficial handstamping in sub-post offices cannot be tolerated for fear of enraging philatelists.

## Ravensdale opposed

Lord Ravensdale, the son of Sir Oswald Mosley, is facing local opposition to his plan to build a country home in a Buckinghamshire spinney, where his mother was once buried. Lady Cynthia, Sir Oswald's first wife, was buried in a marble tomb designed by Lutyens in Waterlooville.



Church, Denham, after the grave had been vandalized. South Buckinghamshire's planning committee will consider the proposal on February 24.

## Food for thought

Kenneth Baker, the Minister for Information Technology, had something of a coup yesterday. He toured a factory that is short of staff. He was visiting the Perivale plant of Roboserve, a vending machine company, which is putting microchips into staff canteens. Roboserve's own catering is completely automated.

The minister chose a breakfast — bacon, sausage and egg — from a machine which dispensed it piping hot on a china plate. The thought must have occurred to someone that it is the sort of machine that could produce a lot of catering staff out of work.

## Steel part

Pierce Brosnan, who you may barely have noticed as Robert Gould Shaw in *The Assassins* last night, has just landed a plum part against stiff competition in Hollywood. His *Assassins* debut was so discreet that *Radio Times* mis-spelt his name, but we shall hear more of him as Remington Steele, in Chanderlessque series about an Englishman playing detective in Los Angeles, and more quickly in *The Mannings of America*, an Irish Roots the BBC will screen this spring.

## Strange brew

Michael Birch, who treated PHS to a boiled-down version of the Japanese tea ceremony yesterday, is one tea master who should not really drink the stuff. The ground leaves used to make the bile — green liquid which was served up at the Gallery Edge in Old Bond Street are very vile. He is a very young Birch, who spent several years in Japan studying the ceremony under the Grand Master, Soshitsu Sen, left school at 15 to work as a bell-boy in a hotel in Victoria. He now teaches etiquette to Japanese diplomats.

PHS





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## FROM BAD TO WORSE

Three years ago today the Iranian monarchy was swept away and replaced by an Islamic republic. Many Iranians, even at the time, had misgivings about the "Islamic" character of this revolution. In particular, they mistrusted the intense personality cult built up around Ayatollah Khomeini. Those who had actually read the Ayatollah's lectures on Islamic government knew, moreover, that his doctrine specifically claimed that the authority of the awaited Twelfth Imam, in his absence, would be exercised by the *Faqih* — the man or men most learned in the divine law — and that this authority must be legal and political, not merely spiritual.

But three years ago most educated Iranians either had not read these lectures, or took them as an academic exercise. They did not believe that the *Faqih* — who was clearly Ayatollah Khomeini himself — could or would in practice exercise such authority. Surely his power would be limited by the popular forces to which he owed it. He would act as an arbiter, a court of appeal, but would allow the actual government to be carried on by the representatives of the people. And at any rate, many of them thought, at worst he could not be more autocratic and brutal than the Shah.

How wrong they were. They might have been right, perhaps, if the Ayatollah had been an isolated figure, dependent entirely for advice and for the execution of his orders on laymen, that is, people who, unlike himself, were better educated in modern disciplines than in

traditional Islamic law — people like Dr Bazargan, his first Prime Minister, or Mr Bani Sadr, who was to become the first President of the Republic. On paper, the creation of this latter post, to be filled by election under universal suffrage, was itself a remarkable concession on the Ayatollah's part to ideas which had no place in his traditional universe. But such concessions have been rendered largely meaningless by the skill with which a group of traditionalist clerics have used the "Islamic" authority, and his ideas, to impose on the country a form of despotism that the Shah's liberal opponents could scarcely have imagined in their worst nightmares.

As Mr Hedayatollah Matine-Daftari, perhaps the most consistent liberal opponent of both Shah and Ayatollah, said in his interview with *The Times* last December, there is really no comparison between the two. The Shah's autocracy was highly organized and ruthlessly efficient, whereas the Ayatollah presides over a form of mob rule. The victim of either might not find much to choose between them, but the victims of the latter are far more numerous than of the former. One never knows for sure who will be the instrument of "Islamic justice" or what will be the charge. It is a system which does not allow the ordinary non-political citizen to go about his daily life in peace and security.

Opponents of the new despotism, among whom the most dangerous in the past eight months seem to have been the Leftist Muslim "People's Mujahidin", have

been reduced to striking at it with almost the same blind violence that it uses itself, thereby adding to the general insecurity and chaos. The economy is at a virtual standstill, and the government has recently reduced the price of Iran's exported oil in order to compete in over-stocked world markets and obtain hard currency for desperately needed imports.

The persistence of chaos has tempted many observers to predict the regime's imminent demise, yet recently it has scored successes, both against its internal enemies and in the war with Iraq. Iraq, by calling in pan-Arab reinforcements, may for the moment have stabilized the front, but even a continuation of the stalemate amounts, in strategic terms, to a defeat from Iraq's point of view. President Saddam Hussein's inability to finish the war undermines his authority both internationally and internally, and neighbouring Arab governments are now seriously worried by the thought that his regime might fall and be replaced by a militant Shi'ite republic on the Iranian model.

The imminent collapse of Iran's Islamic regime, while entirely possible, is not, therefore, a safe bet. The temptation remains for Western governments and businessmen to try and improve relations with it in order to take advantage of its needs and to make it less dependent on the Soviet block. Yet we should beware of being thought, by ordinary Iranians, to be contributing to its survival. Whoever does that is taking on himself a very heavy responsibility.

## REFLATION LARGE AND SMALL

Both the Confederation of British Industry and the Trades Union Congress have now submitted their budget representations to the Chancellor. They are united on one point — that the government should now act to prime the pump and reduce unemployment through increasing public sector investment and reducing taxes. That said, the methods pursued have little or nothing in common. The TUC predictably wants the maximum possible impact on unemployment through a massive public spending programme. The CBI takes a more cautious approach, suggesting instead a moderate expansion of public sector investment and the concentration of any tax cuts on a reduction of local rates and the national insurance surcharge on companies.

The common ground between the two organizations is important because it represents the underlying and widespread feeling in business that the Government ought to relax its fiscal stance in favour of reflation: if good businesses as well as bad are not to go to the wall, and if unemployment is not to grow to a point where it distorts and corrupts the outlook of an entire generation, then the

government must begin to ease the pressure.

The disagreement between the two is over the fundamental question of how far and where this relaxation should come. The TUC's sense of priority to reduce unemployment leads it to go for a rapid stoking up of the economy through public expenditure. Yet, despite all the efforts of union economists to produce technical reasons why the inflationary impact should not be too great, the implication of their submissions is that the unions are prepared to risk the effects on prices, sterling and interest rates to gain that immediate boost.

The employers are more willing to accept the Government's case that the brakes should not be released if the country is to avoid a return to the days of excessive wage claims, rocketing imports and unproductive working practices. Indeed there are many employers who would still prefer the CBI to say nothing at all that could be interpreted as criticism of the Government's policy in this. But most industrialists are of the opinion that private industry has borne too much of the burden so far and that the time has come to ease their

share of it. On the CBI's suggestion, there is room to increase the Public Sector Borrowing Requirement by several billion pounds more than the Government's target and still keep it within a reasonable proportion of the country's economic output. And, it continues, this should be deliberately directed towards aiding corporate profits.

Where past governments have almost always effected reflation either through general tax reductions or a general increase in public expenditure, the CBI suggests that it be more precisely directed to one sector, corporate profits, through tax relief and capital investment by the public sector. The Government's response has so far, and rightly, been to reject broad reflation. But it has also, wrongly, rejected more controlled reflation as well. If he has any margin, the Chancellor seems to be tempted still to use it for tax cuts. That would be a mistake. Whatever the rights or wrongs of CBI's specific suggestions, the thrust of its argument is correct. The time has come for controlled reflation that promotes investment and jobs, not general relaxation.

## RIPENESS IS ALL

Connoisseurs of French cheese will feel no surprise at the news of violent events at the Camembert factory in Isigny this week. Cheese-strikes and cheese-hijacks may appear strange to the English, but in France it is understood as a matter of course that when the revolution comes and workers move in to occupy the commanding heights of the economy, they will go for the cheese-foundries as well as the steel mills and the coal depots.

According to legend (which we invent for this occasion), it was because of a strike that the French first made the discovery that fatty milk solids could be rendered more palatable by a degree of decomposition. It is said that in the middle ages the apprentices at Pont-L'Évêque went on strike because of their working conditions, which they alleged to be medieval. The management tried to starve them out, and the desperate apprentices were forced to overcome their initial disgust and turn to the

encrusted contents of the vats. The jubilation of both sides on discovering the delicious transformation that had taken place, the ensuing rush of eager customers, and the granting to the apprentices of two sous a month instead of the one sou that they had been demanding, were for centuries re-enacted ceremonially at village fairs throughout France. Indeed, it was several generations before it was realized that the maturing process took place even if the formality of going through an official dispute on each occasion was omitted.

But in Isigny matters had gone much further. The atmosphere in the little town had grown increasingly oppressive as the occupation of the cheese-plant continued; the sensation of ripening crisis had become almost palpable. The employers had refused all compromise, and the strikers knew too well that there was something in the air, but they could hardly have got scent of the sudden night assault with dogs, cudgels, lorries, revolvers (alleg-

edly) and even nunchakus, which was carried out under the very noses of the mayor and the local gendarmes. It is reported that the attackers even deployed tear gas, and it is possible that the point had been reached when tear gas seemed the lesser evil.

Now the matter is one for the courts. The cheese itself, of course will prove to be either hot or black, depending on whether its seizure is held to be theft or not. The wider political implications may not become apparent immediately. Disorder in this key industry has a special symbolic significance. It was de Gaulle who formulated the enduring problem of ruling France when he said how difficult it was to unite a nation that produced 265 varieties of cheese. That was 30 years ago. It is an ominous portent for the government of M Mitterrand that the current edition of *Androuet* (The Grove or Cruckford of French cheese) records that the number of different cheeses in France has now risen to 460.

### The finder's dilemma

From Mr Cecil Farthing

Sir, The Antiquities Bill, which came up for its second reading in the House of Lords on Monday, February 8, is well served, as some of its clauses seem to be a hangover from the Middle Ages.

On view in the British Museum is a photograph of what appears to be a few rusty tin scraps found at Water Newton (Huntingdonshire) in 1975. Had this proposed legislation been in force then, the finder should have informed the

local coroner (we all know who he is, of course) or the British Museum or the police, within 48 hours, or he would have been liable to a fine of £500. The scraps turned out to be exquisite pieces of fourth-century silver, now beautifully brought to life by the museum's conservation officers.

The finder should, moreover, have been able to tell within 48 hours whether his find was "contained in any class of object specified . . . by the Secretary of State," but no details of such classes are given.

The average finder of such unlikely bits and pieces, when the truth ultimately dawns, will stay mum for fear of draconian repercussions.

The dubious finder will simply hold on until he can sell on the quiet to an equally dubious dealer. Either way the state will lose through this Gilbertian piece of proposed legislation which badly needs clarification.

Yours faithfully,  
CECIL FARTHING,  
61 Egerton Gardens, SW3.

## Ethical guidelines on fertilization

From Mr Ian Kennedy

Sir, The current concern over the possible implications of developments in the field of *in vitro* fertilization is just another example of the growing number of ethical and legal issues surrounding medical scientific developments. The last few months saw attention focused on the severely handicapped neonate. Before that it was brain death. No doubt in the months ahead it will be some other dilemma, for example the selection of those who must die from kidney failure and those who may receive treatment on the ever more scarce dialysis machine. There is no shortage of such problems!

Dragging these issues into the open and debating them is, of course, a healthy if painful process and one I have personally sought to pursue. But after the debate, what then? There is a danger of leaving behind a trail of muddle as we dash on to the next issue, more as voyeurs than social analysts.

The time has come when we must go further and seek to resolve some of these ethical issues. It is now fairly well accepted that such resolution cannot be left simply to one professional group, whether doctors, lawyers or whatever. But what we have seen so far is the creation of occasional ad hoc groups with limited terms of reference.

May I suggest we can do better than this. What I would hope to see created is a standing advisory committee charged with responding to the whole range of problems we are encountering. Its brief would be to offer ethical guidelines in the form of codes of practice and, where appropriate, suggest changes in the law. Its membership would be drawn from the Royal Colleges, the Law Commission and other appropriate bodies. The aim would be to ensure that all appropriate constituencies were represented, although, of course, the committee should not be unduly large. It would have a permanent secretariat and be financed out of public funds. It would publish discussion papers, receive comments and present final reports.

The lead shown by the Australians and Canadians should serve to illustrate what can be done. The need for such a standing committee is urgent. I propose it be given all due consideration. Yours sincerely,  
IAN KENNEDY,  
Faculty of Laws,  
University of London King's College, University of London Strand, WC2E, February 10.

From the Reverend A. J. Hawes

Sir, I was pleased to read the letter (February 4) from Robert Snowdon and G. Duncan Mitchell. The topics raised — surrogate motherhood, artificial insemination and "test tube" babies — do essentially deal with the personal identity of the newborn. Personal identity raises not only legal and philosophical questions but also philosophical and ethical questions. With the increasingly rapid availability of medical technology, has the time not come, already passed, when laboratory research in this field ought to be open to public debate long before its findings are applied and made available to the general public? I have never understood the maxim which says that research should apply the research and think through the consequences afterwards.

Yours faithfully,  
ARTHUR J. HAWES,  
Rural Dean of Sparham,  
The Rectory, Arlebridge,  
Norwich, February 5.

## Hammarström's death

From Mr T. N. C. Garfit

Sir, I read Harry Debelius's article in your issue of February 2 on the Hammarström air crash with interest. At the time I was District Officer, Ndola, and involved in the administration problems arising therefrom.

The facts were that Hammarström's plane did contact Ndola airport, that it was on course to land, that it was on a steep climb, and that the site of the crash was on a reverse slope. It was also a brilliant moonlit night. The federal authorities from Salisbury searched the wreckage, but could find no evidence that the plane had been shot down. A chart was, however, found opened at a place called Ndola which is at sea level, as opposed to Ndola which is 4,000 above sea level. It was also a fact that the plane had been shot up on the ground the previous week in the Congo, but declared fit to fly.

There are, therefore, three possible explanations for the crash, which are pilot error arising from the use of the wrong chart, mechanical failure, or an external source. The last theory arose as one of Tshombe's planes had been seen in the area at about the same time. On the other hand, the crash seems to be the least likely explanation, which leaves pilot error or mechanical failure or a combination of these two factors as the most likely cause.

I have not heard the story that the Ndola chart was stolen before the flight started before, but this might tie in with the fact that the Ndola chart was found. The mystery, however, will now probably remain unsolved for all time.

Yours faithfully,  
T. N. C. GARFIT,  
Mendham Court,  
Fir Tree Close,  
Essex, February 5.

## LETTERS TO THE EDITOR

### Dangers of lead content in petrol

From Mr N. Nesbit

Sir, The revelation of the secret letter written by Sir Henry Yellowlees to Government officials and the article by Des Wilson (February 8) compels me to write.

I have to declare my interest, I am a grandfather. Two of my grandchildren attend Fleet Primary School in the borough of Camden. This school is bounded by two roads, Fleet and Agincourt. These roads are one-way routes to and from the centre of London. They also lead to and from the Royal Free Hospital, a Camden council vehicle depot, a major ambulance station and, fortunately for those that visit it, Hampstead Heath.

Human ingenuity could hardly have devised, except for the Heath, a worse arrangement for a school environment, and none of these buildings existed when the school was built. Yet this is not special pleading: there must be many schools similarly placed, with the consequent deposit upon the heads and into the lungs of children of five and upwards of lead deposits from motor exhausts, the coating of their food, clothing, buildings.

Des Wilson's article in yesterday's *Times* (February 8) shows the conflict between Sir Henry Yellowlees and the Lawrie report. If uncertainty exists, how dare the Government gamble with the health of the country's children, including those of "consumers" who a Government spokesman says, wish to have high-compression engines that require lead in petrol. Surely on consideration they would be prepared to have brighter children, and lower-compression petrol, than that will create a pressure on other countries too.

It follows that for CLEAR to be successful, it will have to take a campaign to several European countries simultaneously.

Yours faithfully,

NIGEL HAIGH, Programme Director, European Environmental Policy Programme, 10 Percy Street, W1, February 10.

### Laker and British enterprise

From Mr Murray Rowlands

Sir, Your obituary for Laker Airlines (leading article, February 6) was built on the assumption that the rules of private enterprise exclude nationalised industry. According to the logic of your editorial, British Airways and other state operated airlines are wrong when they attempt to compete with another operator who is undercutting their fares by making a response in kind.

It follows that you think they should passively while their potential customers turn their backs on the dearer fares state airlines you say should be offering and fly with Laker. Your arguments against nationalisation are therefore nicely proved as once again the state is called in to assist an economic industry that is providing Mr Spout with a field day in the House of Commons.

You conveniently neglect a comment by Mrs Alison Pravalini, Vice-Chairman of Laker's Staff Association, who said: "We have compulsory overtime, no pension scheme, no health plan and our junior cabin crew have found themselves eligible and in receipt of supplementary benefit for the low pay."

In contrast, British Airways, a responsible employer, does supply these amenities but must meet the cost of doing so out of the revenue from fares it receives. As a national airline British Airways must fly the routes which may be commercially unattractive as well as those on which they enter into competition with Sir Freddie Laker's airline.

It would be unthinkable if this country, one of the pioneers of civil aviation, were to be left without a national airline by Mrs Thatcher as her last gift to the

petrol, but in doing so you overlook the role the European Community has played in moving the UK faster than it wanted to.

In 1973, when the EEC Commission proposed a directive making 0.4 grams of lead per litre the maximum permitted for sale in the Community, several European countries permitted up to 0.84 grams per litre and some had no limit at all.

The UK was already in the process of reducing its level from 0.84 when the Commission began its work. In the best of political parties here in the UK thought the Commission was moving too fast. The House of Commons, for example, resolved in 1976 "that this House accepts the principle of reducing the maximum lead content of petrol to 0.40 grams per litre . . . and, whilst recognizing that this will have an adverse effect on the United Kingdom's balance of payments, nevertheless calls on her Majesty's Government to achieve this aim by staged reductions."

The British Conservative Group voted against the directive in the European Parliament in 1975 and a Labour Minister, Denis Howell, was successful in delaying the reduction to 0.40 grams from 1977, the date originally proposed, to 1981.

The directive does indeed prevent member states banning the sale of petrol with less than 0.15 grams per litre, but it also proposes that the levels be kept under review and adjusted in the light of new information. So long as British cars are sold abroad, it makes every sense to try and reduce permitted levels simultaneously throughout Europe and once European cars run on lead petrol, that will create a pressure on other countries too.

It follows that for CLEAR to be successful, it will have to take a campaign to several European countries simultaneously.

Yours faithfully,  
NIGEL HAIGH, Programme Director, European Environmental Policy Programme, 10 Percy Street, W1, February 10.

### The proper studies of mankind

From Professor S. E. Finer

Sir, What sort of mentality is that Mr R. G. Chapman who writes (February 9) to confine university studies to strictly vocational courses like medicine, electronics, engineering and the law? What sort of individual — or family, or tribe, or nation — are they that own no sense of their identity, their individuality, their worth, of the things that made and make them distinguishable in their own eyes and in those of others: in brief, that are ignorant of their own peculiar tradition?

Hence the university study of such "useless" subjects as history, theology, literature, and language, government and administration. Or of what kind are they that have no idea of how things stand with them at the moment or in the future? Hence such "dubious" studies as economics, social administration, sociology, and public policy.

What kind of mentality is it that cannot perceive that music and art and letters are not gifts of the free spirit but crafts that must be learned and hence must be taught? Or does not see in short, that though his, Mr Chapman's, short-list of approved university courses may serve to frame a joint stock company, it is the ones he expressly disparages or omits which conjointly constitute the business of an enduring and self-conscious national community among other nations which are constituted by precisely similar kinds of bonds?

It is easy to see the dystopia towards which his recipe is conducting us, although I doubt whether he knows it. In Hobbes's "no knowledge of the face of the earth; no account of Time; no Arts; no Letters; no Society . . . and the life of man, solitary, poor, nasty, brutish and long" — the last being due, of course, to Mr Chapman's generous exoneration of university courses in medicine.

I remain, Sir, yours truly,

S. E. FINER,

Clarendon Professor of Government & Public Administration, All Souls College, Oxford, February 9.

### Unions and the media

From the Editor of The Sun

Sir, Mr Michael Meacher (February 10) is entitled to his opinions about how the press should be bridled (that is, gagged), but we are entitled to ask that he should get his facts right.

He alleged that "It took 'blackening' action by Aslef members at King's Cross to secure a right of reply to *The Sun*." . . . allegations of "fiddling and cheating" by railmen. "It didn't."

From the day of publication *The Sun* newspaper was open to a reply from Aslef. Day after day we solicited such a reply, and on every occasion were turned down. Yours sincerely,  
KELVIN MACKENZIE,  
*The Sun*,  
30 Boulevard Street,  
Fleet Street, EC4,  
February 10.

### Proper names

From Mr J. T. Bach

Sir, When many years ago I was trying to decide on a profession to join, I received a letter from the Institute of Chartered Accountants addressed to "J. T. Bach Esq., B.A. C.H.". I felt very honoured but became a solicitor. Yours faithfully,  
JOHN T. BACH,  
14a Elm Bank Mansions,  
The Terrace,  
Barnes, SW13, January 30.

### Split personality

From Mr Tristan Garel-Jones, MP for Watford (Conservative)

Sir, Your headline today (February 9) reporting on last night's discussion on the Employment Bill referred to the Alliance "holding together".

Had the Conservative Party held together in this way the Bill would have been lost. Yours faithfully,  
TRISTAN GAREL-JONES,  
House of Commons, February 9.

From Mr Frank Field, MP for Birkenhead (Labour)

Sir, Today's *Times* lead story is billed as "Alliance holds together in first crucial voting test". Underneath we learn that almost one in five SDP MPs rebelled against their party's line on the Government's trade union bill. What, pray, must the SDP MPs do to get the fair, objective treatment the Labour Party has come to expect from the newspaper of record?

Yours faithfully,  
FRANK FIELD,  
House of Commons, February 9.

From Mr Nicholas Lyell, QC, MP for Hemel Hempstead (Conservative)

Sir, The future of *The Times* may be in doubt but surely your headline today, "Alliance holds together in first crucial voting test", deserves a special place in its history.

How would you have headlined the Tay Bridge disaster — "Seventy-two arches defy tempest. Night mail delayed"? Yours etc.,  
NICHOLAS LVELL,  
House of Commons, February 9.

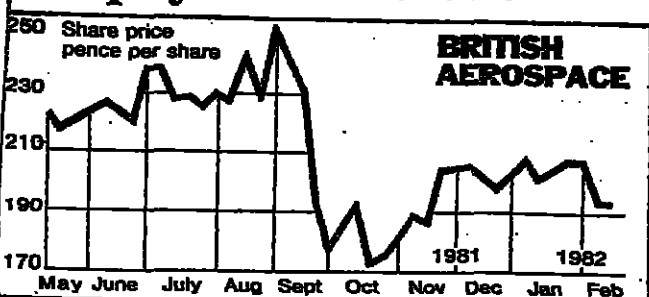






## BUSINESS NEWS

### Taxpayer 'loses out'



The taxpayer remained the poorer after British Aerospace's recent share flotation, Mr Richard Needham, MP for Chippenham, told a Commons select committee yesterday. Sir Peter Carey, permanent secretary at the Department of Industry, said his department's main concern had been the successful flotation of the company. While admitting an overall shortfall of £80.5m after sale of the shares, Sir Peter said that the share price of £1.50 was the highest they could get underwritten. Mr Needham said he felt sufficient weight had not been given to the taxpayers' investment.

### BL truck shelved

The board of BL yesterday shelved plans for a new 7-10 ton truck, because of the three-week old strike over redundancies that has crippled the company's truck subsidiary in Leyland, Lancashire and Bathgate, West Lothian. The decision, foreshadowed in *The Times* on Monday, could lead to more job losses on top of the 4,100 already announced in the Leyland Group. BL said the future of the division depended on the outcome of resumed talks with national union officials on Monday.

### Commissions rise opposed

Objections to increased Stock Exchange commissions proposed by its council are being lodged by all sectors of the City, who claim commissions should not be raised before the review of the industry by the Office of Fair Trading is completed. Brokers and fund managers fear that increased commissions on small bargains will cause even further decline in private-client dealings. Those who do business for banks or solicitors and split commission with them, are backing the move to raise the commissions.

### Tractor plant cuts 225 jobs

International Harvester is to make another 225 people redundant, bringing the total job losses at the plant to more than 2,000 in 19 months. The tractor company will close down its product engineering centre at Doncaster, Yorkshire, and the workers would be offered transfers to the company's other plants in West Germany or the United States.

### Profits squeeze

One in two manufacturers of building equipment is trading at a loss, a survey reveals today. Profit margins have been squeezed to the point where they averaged only 1.9 per cent in 1980.

## MARKET SUMMARY

### Firm pound aids recovery

#### LONDON EXCHANGE

FT Index 573.7 up 10.5  
FT All Shares 327.77  
Bargains 17,514

A firmer pound, easier money market conditions and a stock shortage helped a broad recovery with the FT Index at the close up 10.5 at 573.7.

Glits were subdued until afternoon trading with ton dates closing up 1/4 and shorts up to 1/2 better in fairly tight trading.

Greenall Whitley, the Warrington brewer, was up 2p at 177p on news that it had diversified its interests and acquired Arrowsmith, the former Laker subsidiary. A line of 300,000 shares went through the market at 114p.

Leading equities were up between 8p and 13p, including ICI 6p up at 346p, Glaxo at 478p up 8p, Beecham gaining 7p to 245p and GEC ending the day 13p better at 837p.

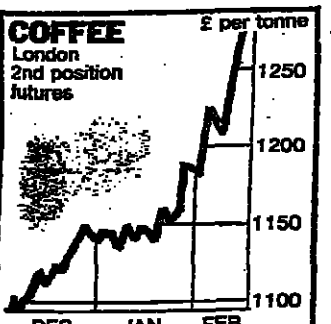
Banks were a firm sector headed by NatWest, up 12p at 443p helped by the 18 per cent profits boost at Yorkshire Bank.

Imperial Group put on 1p to 79 1/2p ahead of today's results which are expected to include wide ranging reorganization plans, while engineering group Dowty was also in demand ahead of today's figures, up 2p at 124p.

Westland Aircraft shot up to 111p after Lord Aldington, chairman, told the AGM that profits before tax in the current year to October were likely to be lower as a result of higher research and development costs.

#### COMMODITIES

Coffee rose strongly again yesterday, approaching levels at which more material will be released by the International Coffee Organization. March robustas closed at £1,384 a tonne, up 53, although they were higher during trading. The May contract rose £34 to £1,278.50 a tonne. A shortage of near robustas still supports the price, dealers said. The ICO daily price is now 133.37 cents a pound. If it reaches 135 cents, 700,000 bags of coffee are automatically released for export.



Despite further modest purchases by the International Rubber Organization buffer stock, natural rubber prices declined. March fell 0.15p a kilogramme to 47.4p, while April was down 0.40p to 48.25p.

#### TODAY

January steel production  
Mrs Shirley Williams at the American Chamber of Commerce, London

## Lawson ready to consider export of gas

By Edward Townsend, Industrial Correspondent

The Government is for the first time prepared to consider exports of North Sea gas, a move which could give a huge boost to oil companies' future profits and raise gas prices at home.

Mr Nigel Lawson, Secretary of State for Energy, revealed the Government's more relaxed attitude to gas exports last night. Sales abroad would be considered, however, only if sufficient new discoveries were made.

His remarks are bound to renew the anguish among Opposition MPs and trade union leaders who are already complaining bitterly about North Sea gas privatization plans. The controversial Oil and Gas (Enterprise) Bill, now having a stormy passage through the Commons, allows for the disposal of the British National Oil Corporation's oil production interests and the elimination of the British Gas monopoly on the purchase and sale of gas.

Mr Lawson told the annual dinner of the Institute of Petroleum that with all gas from current offshore fields contracted to be sold in Britain, the question of exports arose only for future fields.

"But supplies from existing fields will soon be declining and, of course, even now there is an unsatisfied demand for gas in the United Kingdom. So there will be plenty of scope for private sector sales of gas to customers in Britain for a long time to come," he continued.

"If, however, the fresh impetus which our policies will undoubtedly give to exploration results in large volumes of new gas being discovered, the question of exports can and will be reconsidered."

A great deal of gas was awaiting discovery and the government was making development an attractive proposition. "It is now up to the oil industry to grasp its new opportunities," Mr Lawson went on.

For the last ten years, direction of North Sea gas supplies has been controlled both by the requirement that all gas be landed in the United Kingdom and by the monopoly rights of British Gas. Once these rights are broken, the EEC, which has never been happy with them, is certain to step in to demand total export freedom for any gas found.

The prospect of much higher prices on the Continent would clearly tempt the oil companies to direct supplies — particularly any new discoveries in the southern North Sea, where gas pipeline capacity to Britain is fully used — away from the United Kingdom.

Many of the gas fields have been discovered close to the boundary line with Norway and Holland and new finds could be quite cheaply fed into existing pipelines.

The companies would probably expect to get double the

### Price fall hits oil exploration

Falling oil prices and inflation are beginning to hit exploration work in the United States after the drilling boom of the last two years, according to a leading oil company (Jonathan Davis writes from Houston).

Mr Charles Blackburn, executive vice-president for exploration and production at Shell Oil, the American subsidiary 69 per cent owned by Shell, said here today that spare rig capacity was already developing for onshore exploration. With drilling costs rising at an annual rate of 20 per cent, and the continued fall in oil prices, exploration was likely to slow.

While oil companies are generally maintaining their exploration spending, the amount of money channelled into exploration by investors outside the industry — a record \$300m last year — is likely to drop sharply if oil prices continue to fall. The number of rigs in operation in the United States, having doubled from 2,200 in 1979 to 4,500 at the end of last year, will then start to fall off.

The change is also reflected in the latest sale of offshore tracts in the Gulf of Mexico. Only 59 per cent of the 234 tracts were bought.

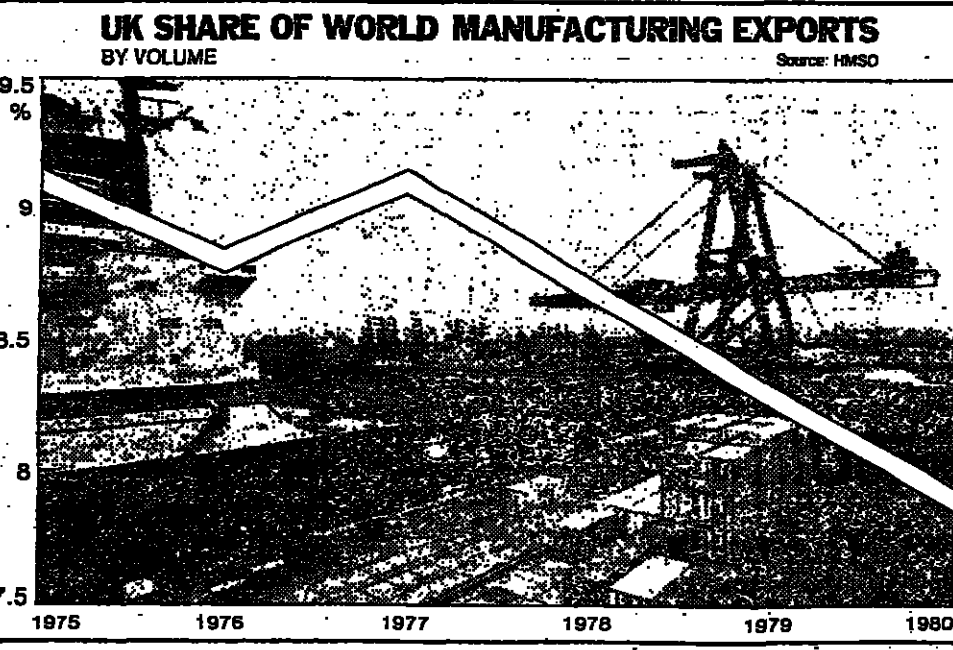
The rate of oil-rig accidents in the North Sea indicates that there can be no room for offshore for complacency, Mr Hamish Gray, Energy Minister said yesterday.

He told a safety conference in Eastbourne organized by the oil industry: "We must be found to improve accident figures."

The Energy Department had accepted almost all the recommendations of the Burgoyne Report on offshore safety and some of the provisions would be implemented by the Oil and Gas (Enterprise) Bill now before the House of Commons, Mr Gray said.

Neither Albright and Wilson nor its American parent Tenneco could confirm reports yesterday that the British company was up for sale. Tenneco needs money for its energy operations. Albright and Wilson made a pre-tax profit of £1m in 1980, employs 6,000 people in the United Kingdom.

The Netherlands' seasonal-adjusted industrial production index rose by 0.5 per cent to a provisional 108 in December but was off 2.7 per cent from December 1980.



## Treasury sees export recovery

By Melvyn Westlake

Britain's share of the world market for manufactured products has slumped heavily during the last four years, but may have begun to recover. The Treasury believes that exports continued to slide during the early months of last year, but the downward trend appears to have been arrested since the summer.

This supports the series of encouraging statements about exports that Mr John Biffen, the Secretary of State for Trade, and other ministers have been making since the autumn. For some months, business opinion surveys have been indicating a brighter outlook. And CBI surveys have been showing a steady recovery in the confidence of exporters for well over a year.

But new figures published in the Treasury's monthly *Economic Progress Report* show just how much ground has to be made up if exporters are to recover the share of world manufacturing

## Aid to industry 'could cut jobless queue by 200,000'

### CBI seeks £3,000m Budget boost

By Our Industrial Staff



Waiting for a winner: Sir Terence announcing the CBI budget proposals yesterday.

The Confederation of British Industry last night unveiled its 1982 Budget proposals for a £3,000m package of measures to reduce business costs. The recommendations, it said, "would not impede progress to reduce inflation and might actually improve it."

Industry leaders claim that if the CBI's plan was adopted in full next month by Sir Geoffrey Howe, Chancellor of the Exchequer, unemployment could be cut by more than 200,000 in the next 12 months.

Central to the CBI's proposals, called "A Winning Budget", is a 2 per cent reduction in the National Insurance surcharge — the much criticized "tax on jobs" — which would cost £1,500m in a full year.

The CBI also wants a 15 per cent cut in business rates, financed by central government grant, which it calculates would save industry £850m a year, a reduction in interest rates, and a £250m increase in spending of public capital projects building up to £1,000m in 1983-84.

Employers' leaders have already told the Prime Minister that they want only a gentle take-off in the economy from the trough of the recession and believe that their Budget proposals are modest. However, the £3,000m expansion advocated could prove to be twice as much as that being considered by Sir Geoffrey.

The CBI says that reductions in government spending and more asset sales could save £800m this year and £1,500m in 1983-84, as much as £1,200m could be

saved next year because of a higher level of economic activity, increased tax revenue and a reduction in the numbers receiving unemployment benefit.

CBI economists estimate that the net effect of the proposals on the public sector borrowing requirement would be an addition of only £1,840m in the coming financial year followed by an extra £1,700m in 1983-84. The 52-page document states: "The priority for this Budget must be to reduce the disproportionate burden on the business sector. Business has made major adjustments at great cost — all in line with government policy. We now call on Government to reduce the costs which it imposes on business, improve competitiveness and address the imbalance of pressure in the economy which has borne less heavily on production and investment."

The CBI calls on the Government to increase personal tax allowances in line with duties on tobacco, alcohol and petrol. It stressed that should Sir Geoffrey decide to do the opposite, then any extra revenue should be used to finance further cuts in business costs.

On the question of local authority rates, the CBI says that in 1981 business will have paid £5,000m, about half of councils' revenue. Rates have overtaken corporation tax to become the biggest single impost on companies after National Insurance contributions.

### US accuses steel man of dumping

San Francisco, Feb. 10 — A salesman employed by Mitsui & Co. (USA) of San Francisco — an offshoot of the Japanese group — has been indicted by a federal grand jury for violating United States steel dumping laws.

Mr Hiroo Sutoh who works in the Cleveland office was charged with making false declarations to the grand jury investigating the alleged violations. He allegedly made the declarations last month concerning his business dealings with Champion Spark Plug Company, of Toledo, Ohio.

Mr Sutoh is accused of asking Champion to change a purchase order, which had the effect of lowering the customs duties paid by Mitsui — and also lowering the "trigger" price for hot-rolled steel.

Herbert Hoffman, the assistant United States Attorney, said the investigation has expanded from San Francisco to other Mitsui offices. He is looking into allegations that Japanese companies are dumping steel products in the United States — which occurs when a foreign producer sells a product abroad for less than the price charged in its home market.

### Double the distance Telecom record

By Bill Johnstone, Electronics Correspondent

Researchers at British Telecom's laboratories at Martlesham Heath in Suffolk are claiming a world first for doubling the distance telephone signals can be sent down a fibre cable.

A single strand of glass, the width of a human hair, can now carry over 2,000 telephone calls simultaneously over 100 kilometres without the signals requiring amplification. The breakthrough is expected to give the British corporation an edge over its rivals in Japan and the United States.

British Telecom and other telecommunications authorities have long recognized the importance of fibre optic technology. These small fibres are the technology which will allow complex telecommunication signals, like television pictures, to be transmitted more accurately.

The "Martlesham" breakthrough is also expected to provide significant savings in maintaining cables.

The fibre is made for British Telecom by GEC, and the accompanying electronic equipment by IIT in the United Kingdom and by Plessey. Over 100,000 kilometres of fibre optic cabling will be laid in the national telecommunications network during the 1980s linking all main cities.

In July of last year the

### Carr Seabag crisis denied

By Philip Robinson

Rumours of a cash crisis at stockbrokers Carr Seabag were denied yesterday and the firm's senior partners disclosed privately that the Stock Exchange was satisfied with its liquidity margin, the yardstick used as an early warning system of potential disasters.

But Carr Seabag did admit it lost money in London last year, that the substantial group profit came from the group's Far Eastern business and that the merger in 1979 between W. I. Carr and Joseph Seabag which created the new firm created more difficulties than it solved.

One of the most significant was the need for a capital injection to take the firm to London and Far Eastern business.

Carr Seabag searched for some time for a "godfather" to provide the cash. Senior partners flew to Hong Kong in an attempt to set up a holding company based there and owning the colonial business and the London broking firm as subsidiaries.

Three weeks ago, partners of the firm decided to sell its W. I. Carr (Overseas) (Wico) Far Eastern business and money brokers, Exco International, a firm which is rapidly seeing itself as a United Kingdom-based financial supermarket were approached.

Exco valued Wico at £6m. Carr Seabag's share of that figure is worth £3m which is available as fresh capital should the partners want to put it all into the business when the new capital structure is decided before April 18.

But behind what has been called the survival plan, lies a story of years of unwinding arbitrage deals, overstaffing, expensive computers, a sacked bank, borrowings which were once more than £16m and a plan to resolve its problems which the firm thought would never get through.

### China to sell more bonds

By Michael Prest, Commodities Correspondent

China is preparing to issue more yen denominated bonds on international markets, after the success of its recent placing in Japan. These issues will be in dollars, Swiss francs, and Deutsche marks, but the amount China is seeking has not been specified.

China's return to the international capital market is another sign of the government's willingness to play a direct role in the world

economy. The government has also said it will issue domestic bonds to help meet its budget requirements.

Last month China placed privately Yen 10,000m (£500m) worth of bonds with 30 Japanese institutions. The bonds carry a coupon of 8.7 per cent and a maturity of 12 years.

Bankers say the next issue is likely to be in dollars, but the expectations are that it will be a small one to test the market.

#### NOTICE OF REDEMPTION

To the Holders of

### Esso Overseas Finance N.V.

8% Guaranteed Debentures Due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of March 15, 1971 providing for the issue of Debentures aggregating £750,000 principal amount have been selected for redemption on March 15, 1982 through operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date, as follows:

Outstanding Debentures of \$1,000 each of prefix "M" bearing the distinctive numbers ending in any of the following two digits:

17 28 39 70

Also Debentures of \$1,000 each of prefix "M" bearing the following serial numbers:

37532 37822 38323 38324 40322 41322 42322 43322 44322 45122 46322 46122

Payment will be made upon presentation and surrender of the above Debentures with coupons due March 15, 1982 and subsequent coupons attached at the main offices of any of the following: Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015; Morgan Guaranty Trust Company of New York in Brussels, Frankfurt am Main, London, Paris and Zurich; Credito Romagnolo S.p.A. in Milan and Rome; Bank Leas & Hope N.V. in Amsterdam; and Kredietbank S.A. Luxembourg in Luxembourg. Coupons due March 15, 1982 should be detached and collected in the usual manner.

On and after March 15, 1982 interest shall cease to accrue on the Debentures selected for redemption.

ESSO OVERSEAS FINANCE N.V.

Dated: February 11, 1982

#### NOTICE

The following Debentures previously called for redemption have not as yet been presented for payment:

14503 14507 14508 49044







BUSINESS NEWS/FOCUS AND COMMENT

PEOPLE

# Accountant who wishes he wasn't

Ralph Price is an accountant, looks like an accountant but wishes he wasn't. The chairman of ML Holdings, a supplier to the aerospace industry, deplores the fashion for accountants as chairmen. Yet he seems unchallenged for his position at the head of the ML boardroom, despite the fact that he is 69.

This man of paradox also, in at least one area of his business, railway signalling, deplores the group's dependence on accountants.

Price wants fewer accountants to get to the top but thinks that engineers have themselves to blame for their failure to do the same. Salesmen come under the same indictment.

Their problem has nothing to do with "class", or Britain's old-fashioned ways. It has, he thinks, everything to do with a willingness to be good at only one area of expertise and a refusal to master the others.

Above all, Price is a learner. The Japanese learned to make better, cheaper cars by watching others make them; now ML is using Japanese know-how to make piano frames with which it ousts German competition in Europe.

The slowdown in defence ordering bothers ML not one whit; if research and development grinds to a halt, five years from now will be the time to worry.

# Kurokawa here seeking gifts

Masaki Kurokawa's return to the City as president and managing director marks a step up for the London operation of Japan's largest securities house, Nomura.

Kurokawa, who succeeds Akira Shimizu, is a main board director of the parent company in Tokyo, Nomura Securities. His appointment, or rather reappointment, at the London outpost, Nomura International, is seen by some as the emergence of the London office as the most important outside Japan.

The big hello present Kurokawa would probably like to have is news that the Bank of England will agree to Nomura's request for a banking licence.

At the moment, Nomura is heavily into directing European and Middle East equity and bond investment into Japan, as well as underwriting Japanese companies' forays into Euromarkets.

Meanwhile, back in London, there should not be too much desk-clearing as Kurokawa moves in. He had this job until 1979 when Shimizu was brought in from New York.



Masaki Kurokawa

# Duff stoops to Statham

While Carr Seabag has been sending shudders through the second division of the stockbroking league, things have been stirring in the lower divisions too. As from March 1, Frank Statham is linking with Duff Stoop, itself the creation of a previous marriage some years ago. Statham has also taken aboard David Linton and Michael Hicks, two emigres from Simon & Coates, which in its turn has been busy in the transfer market (Gavin Davies and David Morrison from Phillips & Drew last autumn) to get into division one.

Statham Duff Stoop will be strong in private clients. But its main aim will be to build up institutional business, without inflating costs. Research will concentrate on a handful of sectors, much of it done on a consultancy basis, and special situations.

Peter Wainwright

# NEW APPOINTMENTS

Mr J. D. R. Lyon is to succeed Mr C. R. Corness as managing director of Redland. Mr Corness will continue as chairman. Mr R. S. Napier, director of finance, will be appointed to the board of Redland and Mr G. White will be resigning from the board at his own request and retiring from the company for health reasons. Mr Frederick Reeder has been appointed director of property investment of the Post Office Staff Superannuation Fund. Mr Reeder, is currently an executive director of Commercial Union Properties and chairman of Commercial Union Properties (UK). Mr Reeder succeeds Mr David Jackson who emigrated to New Zealand.

What have the buyers of the Laker tour companies got for their money? Derek Harris reports

# A brewer travels into the unknown

The track record of breweries when diversifying may be better than that of some tobacco giants. But Allied Breweries has had its share of difficulties before the recent big profits rise. Scottish & Newcastle has also had diversification problems in several areas from British hotels to French leisure complexes.

That has to be the starting point in assessing what the Normative-based Laker subsidiary Arrowsmith package holiday tours will do for Greenall Whitley, of Warrington, biggest of the regional brewers. Greenalls yesterday agreed, after all-night talks, to buying the Laker subsidiary from Mr Bill Mackey, the receiver, for £4m, subject to the brewers getting tour operators' licences.

Greenall's best known for their Lancashire-distilled vodka Vladimir — dubbed the "Wodka from Warrington" — faces a sticky first six months with Arrowsmith, admits Mr Michael Davis, the new finance and planning manager. This is partly because custom over the past few days since the Laker crash has been increasingly switched to rival package tour operators.

Nobody is saying how much holiday bookings for the late winter and next summer have been eroded. Even though some of these holidays may be expected to come back — because travel agents in many cases have merely taken options on alternative holiday packages — bookings may be well below 100,000 when Greenall gets to grips with the figures after the drama of the past 48 hours.

Arrowsmith, with flights from Manchester, has solid following in the industrial belt of south Lancashire and north Cheshire, edging west into N Wales and east into Yorkshire. That is considerable goodwill value. Last year Arrowsmith's turnover was £36m with a pre-tax profit described by Mr Davis as into several figures. Pre-tax at around £1.1m may not be off the mark.

Nevertheless, £4m seems a high price to pay for Arrowsmith. One of the big tour

operators which seriously considered bidding for Arrowsmith put a £1m tag on the company.

British Caledonian, which made a bid for Arrowsmith to dovetail with its Blue Sky package tour operation, patently was not near to making as large a bid as Greenalls.

At Greenalls, whose chairman is Mr Christopher Hatton, the explanation was too good to miss because it fitted so well with a strategy being developed by Greenalls. The 200-year-old company is a high performer in the brewery sector with a near £200m turnover and pre-tax profits of £22.4m, but its growth has been slowing and it has been looking for investments offering a more immediate return.

The leisure sector became Greenall's new target area to add to interests like its 30 GW hotels with 1,500 bedrooms.

Of Arrowsmith Mr Davis said: "We had identified travel business as one possible route to take in a major study of the leisure industry which we have just completed."

He is confident that the profit potential can be fully exploited. There is some hint of what that might mean at the bottom line from benchmarks used elsewhere in the travel business, where pre-tax profit per holiday is expected to be from £10 to £20 (in the case of at least one big operator).

If Arrowsmith was geared up to around 200,000 holidays a year it could mean pre-tax profits after this current year moving towards at least £2m — and possibly more. That would depend a great deal on pricing policies, although the package would not be tied to a Laker-style bargain-basement image. The level of deals possible at Arrowsmith's current size with airlines for seats and hotels for beds would also be a potent factor.

Part of the reason for the expansion now into the travel business? "We have various ideas on the table but not yet for public discussion," said Mr Davis.



# Now Saga goes for the jet-set

There was no mistaking the euphoria when the executive team from Folkestone-based Saga Holidays ended a sleepless night's negotiation at 8.15 am yesterday by paying £500,000 for Laker Travel, the package tours subsidiary of the crashed group. It was a "Laker lives again" celebration.

Saga, which has specialised in holidays for the over-60s, plans to keep the Laker Travel name going as a separate division. But once the champagne corks have stopped popping, what will be left as real commercial value?

No real doubts are harboured by Mr Sidney de Haan, Saga's chairman, a one-time hotelier who went into the travel business 11 years ago and is 63. His son, Roger, is managing director. Saga's chairman said: "It is unfortunate about the airline side but Laker Travel is a

lovely company." He approved of the paternalistic way Laker Travel had been run; Mr de Haan is popular with his own staff for his avuncular ways.

He admitted that nobody knew how many of 160,000 firm Laker Travel bookings which apparently existed at the time of last Friday's Laker collapse had survived. There has been massive switching of bookings to other package operators.

But when Laker Travel offices in London resumed business at 11 o'clock yesterday morning under Saga ownership, bookings started to come in, said Mr de Haan. Every holiday maker who has cancelled with Laker Travel will be getting letter encouraging them to switch back.

The travel trade was in no doubt that Laker Travel represented a lesser buy than the Arrowsmith operation which has traded on its own

rather than Laker's name, with its public attraction. Saga has also bought at a much lower price a company whose £40m turnover to the end of March last year was greater than that of Arrowsmith. The Arrowsmith price at £4m was eight times what Saga paid.

Profits before tax of Laker Travel were £532,000 but Saga's argument is that this, affected by being part of a bigger operation, understates Laker Travel's profit potential. There is also potential in the way Laker Travel, appealing to a wide range of holidaymakers with the emphasis on summer holidays, complements Saga's winter-orientated trade among the over-60s.

Saga can now go to its suppliers, particularly overseas hoteliers, with round-the-year guarantees of travel demand almost equally balanced.

# The crisis facing Western banks

## PERSPECTIVE: INTERNATIONAL DEBT

By Melvyn Westlake

lending by banks and other commercial bodies, with the result that private debt now represents two-thirds of the total.

The seriousness of the debt problem is a matter of considerable disagreement among bankers and economists. A recent study by the OECD concluded that the situation should give rise to neither "clapnet" nor "alarm". There was, it added, "no generalized debt problem calling for generalized solutions".

World Bank economists have arrived at similar conclusions. They accept that some countries will encounter problems, but see "systematic deterioration" in the Third World's debt position, according to an internal study.

Bankers have taken a generally sanguine view of the debt situation, particularly those in the United States and Britain, although in Germany prominent bankers have been urging greater caution. But expressions of concern have come from those responsible for supervising the banking system. Henry Wallich, United States Federal Reserve Board governor, recently described the present level of borrowing by developing countries as unsustainable. What worries people like Wallich is that a wave of debt defaults could trigger off a banking collapse. As banks lend large sums to each other in the Eurocurrency market, the insolvency of one could have a "domino effect" on others.

Some 24 large banks account for over four-fifths of the \$100,000m owed by the Third World to American banks. For these two dozen banks such lending is now equivalent to about 10 per cent of total assets and 180 per cent of capital funds. If the developing countries have been using all this money to support productive investment and economic growth, there would not be much of a problem. The investment would generate new earnings out of which to repay loans. But bankers have no control over the way that the money is used. There is little doubt that some developing countries have spent their loans on the vital imports needed to maintain existing levels of production and barely adequate levels of consumption.

With the rise in world interest rates, the screw has been turned even further. A one percentage point increase in interest rates is reckoned to raise interest charges on bank loans by \$2,000m. Last year developing countries paid out almost

\$50,000m in interest charges alone.

What has made the situation worse is the weakness of Third World exports. Developing countries were able to support a large increase in debts in the 1970s because they had benefited from the commodity boom between 1972 and 1974. The situation is different now.

Commodity prices have been declining. Some are now at their lowest levels, in real terms, since 1950.

Economists at the United Nations Conference on Trade and Development (UNCTAD) believe the debt situation to be much more serious than do those at either the OECD or World Bank. Dragoslav Avramovic, adviser to the secretary general of UNCTAD, discerns several signs of financial distress

and impending liquidity difficulties among Third World countries. He believes that the situation is deteriorating quite rapidly and that the international liquidity squeeze contains dangers for the whole credit system.

Perhaps the most worrying sign of trouble ahead is that developing countries are now borrowing simply to meet the interest charges on existing debts. Almost 80 per cent of all new loans in 1980 were used to either repay old debt or meet interest charges.

Many countries must be nearing the point where they receive no benefit from new loans because the proceeds go straight back to the lenders. When this point is reached, some developing countries may feel that they have nothing to lose by defaulting.

## Business Editor

# The selling of System X

The conclusion of a government report that the British-designed electronic telephone exchange, System X, may find more lucrative markets in the United States and Europe than in the Third World is, to say the least, unexpected.

It has long been thought that European markets have been controlled by the respective telecommunications authorities, similar to British Telecom, and that to compete with them on an equal footing was virtually impossible. It has also been accepted that to succeed in the lucrative telecommunications market of North America requires marketing skills which the British have yet to prove that they possess.

But the complexion of the world telecommunications market has changed. The Third World countries which have been wooed by European and American telecommunications manufacturers are at various stages of development and more interested in aid than trade. Deals successfully concluded with a number of Third World countries can often depend on the finance which is provided for the purchase. In the end the technology is but one ingredient in the entire package.

In theory at least this type of funding would not be required if the product could be sold in the European or the American markets.

But the American market would bring the British technology into head-on competition with the best in the world. Can the British products match those of the Americans, the Japanese and the other European manufacturers? And, equally important, can the British sell it?

At the moment the technology of System X is marketed by a company called British Telecommunications Systems Ltd, jointly owned by the inventors of the technology — British Telecom, GEC, Plessey and STC. However, the brief of BTS is to sell System X in all markets around the world except in the EEC and in the United States. To date none has been sold.

A new marketing company would need to be formed to sell the system in Europe or America if it were decided to compete in these markets. It would not be sufficient to alter the brief of BTS, since in both Europe and in the United States the company could be viewed as a cartel. It may be that one of the partners of BTS capable of selling in the United States should be responsible for the marketing operation.

The report, which was prepared for the government by Communication Studies and Planning of London, also concluded that the United States funding requested by the System X designers to adapt it for the export market be granted provided the government was satisfied of the potential market in the United States.

However tackling the European market may be

easier initially. Viscount Davignon, the European Industry Minister, has been pushing for a more liberal attitude to foreign competition in telecommunications.

## Albright

### For sale

Speculation that Tenneco might be looking for a buyer for its British chemical subsidiary Albright and Wilson has been rife for several months. The reasons have less to do with Albright and Wilson's performance than with Tenneco's overall strategy.

The British company's last full year results were pretty depressing, with pretax profits slashed from £18.9m to £1.8m. But it staged a good recovery in the first half of 1981, with pretax profits of £6.8m, and its full year results to be published at the end of this month are expected to confirm that improvement.

Having cut its workforce by 17 per cent last year, and survived the worst effects of the strong pound and the slump in home demand, Albright and Wilson could hardly be described as an albatross round Tenneco's neck. Its overseas operations are particularly profitable.

But the chemicals business offers nothing like the same growth prospects as Tenneco's energy operations. In 1980 the oil business grew 21 per cent, compared with a 9 per cent growth in chemicals.

Mr James Ketelsen, the Tenneco chairman, said last November that he would like to spend \$3,400m — 60 per cent of Tenneco's expected cash flow — over the next five years exploring for and producing oil and gas. President Reagan's plans to deregulate gas prices will make potential revenues even greater.

To finance investment on that scale, Tenneco needs to raise money by selling off some of its other operations. Mr Ketelsen's own rather disparaging phrase was "weeding out".

The only problem is that pressurised has hit the chemical industry so hard that it may be difficult to find a buyer.

Federal Reserve chairman Paul Volcker's testimony to Congress confirms that the target range for M1 growth this year will be 2½-5½ per cent. More important there is no real attempt to allow compensation for last year's undershoot in M1 growth. There has been juggling with the base for this year's target and the only concession, if one can call it that, appears to be the acceptance that growth this year may well be towards the top end of the target range. Over the short term, however, Volcker has once again hinted that he is not duly worried by the degree of excessive growth seen in recent weeks. Even so, the figures need to start coming right very soon.

# SECURICOR

## PROFIT FORECAST ACHIEVED AT £9.3m

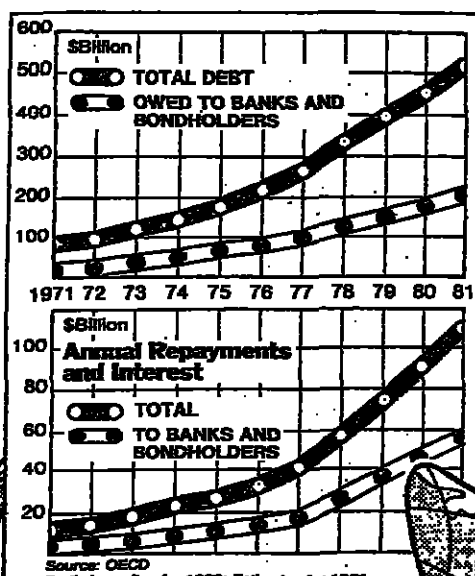
From a turnover of £194m, pre-tax profit of Securicor Group increased by 17% to £9.3m (Security Services contributing £7.9m), which confirms the forecast made last September.

A capitalisation issue of 'A' ordinary shares is proposed to ordinary shareholders in Group on a one-for-two basis and to those in Services on a one-for-three basis.

Operating profit in the UK was £1m higher at £4.9m on turnover exceeding £159m, to which freight and parcels contributed some £60m. Profit from overseas, up £0.5m to £1.8m, showed overall improvement.

— PETER SMITH  
Chairman

SECURICOR GROUP PLC		SECURITY SERVICES PLC	
	1981	1980	1981
Results for year ended September 25, 1981			
TURNOVER—UK	£000	£000	£000
	171,394	156,793	159,047
—Overseas	23,230	17,732	23,230
	194,624	174,525	182,277
PROFIT BEFORE TAX			
Industrial security & parcels services—UK	4,930	3,964	4,930
—Overseas	1,795	1,296	1,795
Finance, investments and insurance	2,276	2,092	1,231
Property, hotels and vehicle division	316	588	—
	9,317	7,940	7,956
Tax	3,264	1,527	3,276
PROFIT AFTER TAX	6,053	6,413	4,680
Due to outside shareholders	2,308	2,373	6
	3,745	4,040	4,674
EARNINGS PER SHARE			
Final Ordinary dividend (proposed)	14.7p	15.8p	13.6p
Interim Ordinary dividend (paid)	1.23p	1.11p	2.0p
	0.55p	0.5p	1.0p



Third World debt burden



**\$ Forward bargains are permitted on two previous days**

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## Recruitment Opportunities

Fire Service College  
DIRECTOR OF STUDIES  
Up to £18,630

The College at Moreton-in-Marsh, Gloucestershire, is the sole institution concerned with fire service training at the national level, and covers technical and command training for all officers in the UK fire service, for certain overseas officers and for industry.

The Director, as a member of the management team led by the College Commandant, will act in a functional role advising on the design of courses and on academic and educational aspects of College work. Other responsibilities will include: advising on the employment of civilian directing staff (and acting as their professional head); directing heads of study groups in relation to teaching methods and course content; monitoring teaching standards; managing the College library; liaison with training officers in fire brigades and with outside educational bodies will be necessary in order to ensure an effective training system which is in touch with current practice and future needs.

We are therefore seeking a highly qualified, experienced and motivated senior educationalist. Candidates should normally have a degree with 1st or 2nd class honours or an equivalent qualification in a relevant subject. Possession of additional relevant postgraduate or professional qualifications an advantage. Wide and successful experience of teaching and administration at a very senior level in further education highly desirable.

**SALARY:** As Head of Department Grade VI £16,885-£18,630. Starting salary according to qualifications and experience. Single and married accommodation is likely to be available on a long or short term basis.

For further details and an application form (to be returned by 24 February 1982) write to Civil Service Commission, Alconon Link, Basingstoke Hants RG21 1JB, or telephone Basingstoke (0256) 68551 (answering service operates outside office hours). Please quote ref: G/5704/6.

Home Office

NATIONAL INSTITUTE  
OF AGRICULTURAL ENGINEERING  
WREST PARK  
SILSOE  
BEDFORD MK45 4HS

Telephone: Silsoe (0525) 60000

## HEAD OF INFORMATION SERVICES DEPARTMENT

The NIAE is seeking a Head for a newly-created Department, which will be responsible for all aspects of public relations and scientific information at the Institute.

The new Department Head will be expected to lead a team of twenty-one staff and to develop the work of this team with energy and imagination. He or she will become the Institute's primary contact with the Press and other media and will also have an important role to play in fostering the Institute's relationships with the UK agricultural engineering industry.

The post is graded Principal Information Officer, with a salary scale of £11,372-£15,010 p.a.

Qualifications required are a degree, or equivalent, in a relevant subject and at least ten years' relevant post-graduate experience. There is a non-contributory superannuation scheme.

Application forms obtainable from The Secretary to be returned not later than 26th February 1982. Ref: GS/D/82/79.

English National Opera  
The London Coliseum (MALE/FEMALE)

for its newly acquired rehearsal studios/production wardrobe at 165 Broadhurst Gdns, London, NW6. The position is responsible for the general maintenance and daily running of this busy rehearsal centre. Direct experience in the field of maintenance engineering would be an asset. In addition, the Manager will be expected to supervise outside contractors and a small internal staff. The Manager will also be responsible for letting the rehearsal studios on occasions. Salary will be commensurate with age and experience.

Please send written applications with a full CV not later than Monday 22 February 1982 to:

Edward Butcher, Personnel Manager, English National Opera, London Coliseum, St Martin's Lane, London WC2N 4ES.

MUSIC INDUSTRY  
OPPORTUNITY

A Copyright Organisation in the Music Industry requires a Company Secretary. This is a senior appointment in an expanding organisation and the salary will be competitive. Responsibilities include commercial negotiations, contact with entertainment industry bodies and Government Departments, liaison with solicitors, internal management, and the usual Company Secretarial tasks. Applicants should be aged 25-35, should be able to communicate effectively, and should be accustomed to working under pressure; previous experience in the entertainment industry, and a legal or related qualification, is preferable.

Apply with full Curriculum Vitae to Box No. 1383 G, The Times.

AMBITIOUS SENIOR  
ADMINISTRATOR

Director material with entrepreneurial flair to join a fast growing prestigious medical staff Recruitment Agency in W.I. Must be self motivated and hard working, with a sense of humour. Previous agency experience not essential but the candidate must have marketing and business ability. Salary includes profit sharing scheme to produce minimum £18,000 p.a.

Please apply in confidence to:  
Richard Balfour-Lynn  
01-637 9771

CONTRACT WALLCOVERINGS  
REPRESENTATIVE

Two appointments are offered by Turner Wallcoverings, one based on London's West End (architects, interior design and hotel specifiers) based on Grosvenor Street showroom. The other will cover the North London, Bucks and Oxfordshire area, calling upon all users and specifiers of top quality wallcoverings.

Write with full details to the Sales Director, Ernest Turner (NH) Ltd., 68/78 Brewery Road, Kings Cross, London N7 9NE

## GENERAL MANAGER

HK\$500,000.00-HK\$1,000,000.00 + housing &amp; car

A major financial organization in Hong Kong invites applications for the above position. Applicants preferably be current/retired General Manager or officer of equivalent ranking in international bank or large financial organization. Salary will be negotiable according to qualifications and experience.

All applications will be treated in strictest confidence.

Please send applications to:

General Post Office,  
P.O. Box 11188,  
Hong Kong.

The Goldsmiths' Company  
ASSISTANT DIRECTOR  
DESIGN

Design and Technology Department

An Assistant Director, Design is required in this new department which has been formed to promote good design, craftsmanship and technology in the production of silver and jewellery.

Candidates should be aged between 30 and 50 and should preferably have had art school training and experience in the trade. The successful candidate will be primarily concerned with liaison between educational establishments, the trade and the Goldsmiths' Company in order to further the aims of the department.

Salary will depend upon age and experience. Further details are available from The Clerk of The Goldsmiths' Company, Goldsmiths' Hall, Foster Lane, EC2V 6BN.

GoSIRA  
SENIOR INFORMATION  
OFFICER

The Council for Small Industries in Rural Areas (GoSIRA) helps small businesses in the English countryside by providing a local source of advice backed up by technical and management services, specialized training and loans.

GoSIRA requires a Press and Publicity Officer to head its Information Section based in Salisbury. He or she will be responsible for managing a supporting staff of six/seven people. Applicants must be able to motivate and organize a lively team and to advise senior colleagues on all matters relating to the presentation of GoSIRA's wide range of activities. He or she will report direct to the Chief Executive.

The post calls for someone with ideas backed by the initiative to carry them out. The successful candidate is likely to have had experience in the production of publicity material and in organizing promotional activities including exhibitions and seminars. The work entails close contact with the media in order to ensure good coverage of GoSIRA's activities and with local and national advisory bodies and organizations.

The appointment will initially be for between three and five years subject to negotiation. Salary range: £9,232-£11,855.

For further details and application form please contact Roger Whitmore, GoSIRA, 141 Castle Street, Salisbury, Wiltshire SP1 2TP.

OPERA NORTH  
GENERAL ADMINISTRATOR

Applicants must have had considerable professional experience in the administration of the performing arts and will need a wide knowledge of the British operatic scene.

The appointment carries full responsibility for the financial affairs of the company and experience in financial control is vital. Salary will be by negotiation.

The holder of the post will be responsible in artistic matters to the Artistic Director, David Lloyd-Jones, and in financial matters to the Board of Directors - Chairman, Gordon Linacre CBE.

Applications, together with curriculum vitae, should be sent to the Chairman at Yorkshire Post Newspapers Ltd, PO Box 108, Wellington Street, Leeds LS1 1RF, to arrive no later than 26th February 1982.

MANDARIN INTERNATIONAL HOTELS  
Require immediately  
AREA SALES MANAGER

For Scandinavia, Switzerland, Austria, Benelux

Job requires energetic person German speaking + another European language. Aged 28 years + with sound sales knowledge of hotel/travel business, and understanding of Asia market. This person to be based in London. Salary will be according to experience. Other benefits include BUPA and pension contribution.

Write with full CV to Tim Reid, Regional Director of Sales Europe, Mandarin International Hotels, 15 New Bridge St London EC4V 6AU. Telephone 01-583 3411 or telex 265497.

## GENERAL MANAGER/MANAGERESS

New luxury Health Club with pool jacuzzi gymnasium tennis court and beauty dept. Invites good looking non smoking and well educated applicants. Basic £7,000 + benefits and the opportunity to share in the future success of the Club. Experience in management and accounts essential but a pleasing personality the prime requirements. CV and photograph to:

The Hogarth Club, 1A Airedale Avenue  
London W4. 01-995 4600  
Colin White F.R.I.C.S.

## SALES ASSISTANT

Responsible for the sales of high quality wallcoverings. Must have a minimum of 10 years experience and be competent in the field of building maintenance. Salary £4,000 p.a.

## CAREER CHANGE?

Make 1982 a year when you progress to a new job which offers high earnings, guaranteed opportunities, training, environment, full training and career progression. We want people who are between 30 and 50, single or married, with a minimum of 10 years experience in a similar position. Write with full details to the Sales Director, Ernest Turner (NH) Ltd., 68/78 Brewery Road, Kings Cross, London N7 9NE

## BUILDING/STRUCTURAL SURVEYOR

Required by small practice based near Southwicks. Must have a minimum of 10 years experience and be competent in the field of building maintenance. Salary £4,000 p.a.

## RESIDENTIAL NEGOTIATOR

with Central London experience, enthusiasm, ambition, probably aged 25-30, required urgently. Write with full details to the Sales Director, Ernest Turner (NH) Ltd., 68/78 Brewery Road, Kings Cross, London N7 9NE

## CJA

RECRUITMENT CONSULTANTS  
35 New Broad Street, London EC2M 1NH  
Tel: 01-588 3588 or 01-588 3576  
Telex No. 887374

Three year contract with prospects of renewal. Opportunity to accrue capital.

## CORPORATE RELATIONS MANAGER



MIDDLE EAST—GULF

£18,000-£20,000 TAX FREE

## MAJOR PROCESS INDUSTRY IN PLEASANT, STABLE LOCATION

This new appointment calls for high calibre PR professionals, preferably qualified MPR, aged 30-40, with journalistic flair and not less than three years in control of the corporate relations function of a major industrial production unit. Previous overseas experience is desirable. The successful candidate will be responsible to the Administration Manager for the creative development of overall PR policy and practice and the implementation, with a small team, of a wide range of activities designed to project a positive, progressive and responsible image, locally and world-wide. A comprehensive understanding of modern media facilities and techniques is essential plus an ability to communicate and influence opinions at all levels. A willingness for total involvement is required including the development of local management and staff. Initial salary negotiable £18,000-£20,000 tax free, accommodation, provident fund, free life insurance, leave passages, family medical cover, children's educational allowance and relocation expenses. Applications in strict confidence under reference CRM 4083/TT, to the Managing Director:

An interesting and responsible appointment with scope to become Personnel Manager

## PERSONNEL OFFICER—BANKING



LONDON EC2

£9,000-£13,000

## INTERNATIONAL MERCHANT BANK

We invite applications from candidates, aged 28-38, who are IPM qualified with at least four years' personnel experience, ideally in banking. The successful candidate, reporting to the Director responsible for Operations, will have overall responsibility for personnel administration, all recruitment, benefits, welfare, salary reviews, annual appraisals and pay roll. A good working knowledge of current employment legislation is essential, as is the ability to deal with a variety of matters methodically, with patience and good humour. Initial salary negotiable £9,000-£13,000 + generous benefits to include mortgage subsidy, non-contributory pension, free life insurance, free BUPA. Applications in strict confidence under reference PO 4084/TT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374.

\* Unless you are applying for one of the above positions, please do not write to us.

STATISTICIAN  
CLINICAL RESEARCH

Pharmaceuticals

Based Taplow, Berks

Wyeth Europe is the European coordination group of Wyeth International, a major contributor to world-wide health care. It's operating companies are responsible for the research, development, registration, manufacture and marketing of a wide range of pharmaceutical and nutritional products with an unbroken record of success.

A statistician is being sought to join the Project Coordination and Systems section of the Research and Development Division of Wyeth Europe. This new professional appointment is designed to strengthen the data handling associated with our European clinical trial programmes.

Preference will be given to candidates with experience in the conduct of clinical trials with formal qualifications (at least to degree level) in statistics. A competitive salary and benefits are offered with excellent working conditions. Relocation expenses will be given if necessary.

Please write giving full details of career and salary progression to:

Miss M. O'Shea,  
Personnel Manager,  
Wyeth Europe Limited,  
Roxham House,  
51/52 Alfred Place, London WC1E 7DS

CAN YOU RECRUIT FOR THE  
MIDDLE EAST?

A highly respected American hospital management company is looking for a man to co-ordinate the recruitment of Doctors, Nurses and Paramedical personnel for a joint Arab/American venture in Saudi Arabia, here in London.

Aged under 45, you will be totally responsible for the UK side of the operation and will be involved with recruiting both directly and via agencies so a background in a recruitment agency or a hospital is essential. A knowledge of Saudi Arabia is also a pre-requisite.

You will be working alone on initiative and self motivation are essential as is the ability to deal with people at all levels. Short visits to Saudi Arabia will be necessary throughout the project. The salary is highly negotiable dependent solely on your experience and expertise. Location expenses may be available. To discuss this unique opportunity, in complete confidence, ring Hilary Shenton who is the company's UK representative for this project.

The Raine Partnership  
13 Prince of Wales Terrace  
London W11 3 0R-937 4454  
Consultants

## MANAGEMENT SURVEYOR

The Estates Governors of All Saints' College of God's Gift at Dulwich are seeking a fully experienced management surveyor. The Estate comprises some 1,500 acres and 4,500 properties, mainly residential but includes approximately 100 commercial properties. Most of the properties are 70/80 years old but there are a number of modern blocks of flats.

The position is permanent and pensionable and is likely to appeal to a qualified surveyor who is keen to make a positive contribution in a small office, rather than to someone who is seeking promotion prospects in a large organization. It is considered that applicants under the age of 40 would be best qualified to have the requisite experience to deal with the wide range of work. There are qualified building surveyors in the office as well as a small estate staff engaged mainly on routine garden and amenity area maintenance.

Persons interested are asked to send c.v. to a Boyd Phillips, F.C.S., F.R.I.C.S., Secretary & General Manager, Estates Governor, All Saints' College of God's Gift, The Old College, Dulwich, SE21 7AE.

SENIOR ASSISTANT  
EXAMINATIONS

Interesting post with variety and responsibility organizing examinations at U.K. and overseas centres. Responsibilities also include acting as secretary to a committee of examiners. Good typing speed essential, shorthand and word processor experience an advantage. Good conditions of employment include offices overlooking Regents Park, free lunch and flexible working hours. Salary negotiable between £5,000 & £7,000 p.a.

Applications to The Secretary, Royal College of Obstetricians and Gynaecologists, 27 Sussex Place, Regents Park, London NW1 4EG.

## RECRUITMENT COUNSELLORS

Drake International are looking for enthusiastic people to join their team of Recruitment Counsellors based in London. You will have the benefit of extensive on-going training and the opportunity to organize your own day meeting broker who is keen to make a positive contribution in a small office, rather than to someone who is seeking promotion prospects in a large organization. It is considered that applicants under the age of 40 would be best qualified to have the requisite experience to deal with the wide range of work. There are qualified building surveyors in the office as well as a small estate staff engaged mainly on routine garden and amenity area maintenance.

## BRIGHT SCHOOL LEAVER

required by City based firm of Lloyd's brokers. Minimum 'O' level English and maths. Ring Mr Carter on 481 9090

## NOTICE

All advertisements are subject to the conditions of advertising in Times Newspapers Limited, copies of which are available on request.

## Manager/ess—"Puffa"

For superb new fashion shop in London's West End. Must be self motivated and hard working, with a sense of humour. Previous agency experience not essential but the candidate must have marketing and business ability. Salary includes profit sharing scheme to produce minimum £18,000 p.a.

Please apply in confidence to:  
Richard Balfour-Lynn  
01-637 9771

## BRIGHT SCHOOL LEAVER

required by City based firm of Lloyd's brokers. Minimum 'O' level English and maths. Ring Mr Carter on 481 9090

English National Opera  
The London Coliseum

Invites Applications for

HOUSE MANAGER

(MALE/FEMALE)

This key management position is responsible for all aspects of the daily running of the theatre, the largest in London, including supervision of its Box Office and the maintenance and general security of the building. The House Manager is responsible for ensuring the implementation and observance of GLC theatre regulations as well as public safety during performances. A staff of 85 is under the House Manager's control. Preference will be given to applicants who have had experience in the theatre and arts administration and who have had substantial managerial responsibilities in an area involving constant contact with the general public. An ability to deal with people at all levels is essential.

Salary will be commensurate with age and experience. Written applications with a full CV should be sent, not later than Monday 22 February 1982, to: Edward Butcher, Personnel Manager, English National Opera, London Coliseum, St Martin's Lane, London WC2N 4ES.

## BILINGUAL FRENCH/ENGLISH

Holiday Villas, Purley, require Manager/ess designate to take over control of the company's French villa rental department. Excellent spoken/written French, experience of office work in a supervisory role and current driving licence are essential. Knowledge of the travel industry would be an advantage. Above all, the successful applicant must have a friendly, outgoing personality and a liking for France and the French. Job entails day to day management of villa reservations, supervision of 7 staff, liaison and contracting of villas with foreign agents and some travel within France. Salary c. £7,000 plus profit sharing and contributory pension. Apply, initially in writing, to Mr P. Wrigley, Holiday Villas Ltd, 850 Brighton Road, Purley, Surrey, CR2 2BH.

THE LONDON SOFA-BED  
CENTRE

Needs design conscious professional sales people, preferably with retail experience for their Fulham Road and Tottenham Court Road showrooms.

c. £8,000-£9,000 p.a.

Please telephone 01-631 1424

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